

THE APPRAISAL SYSTEM IN  
AMERICAN BUSINESS AND INDUSTRY

By

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## CHAPTER I

### INTRODUCTION

Directing people is the universal function of management.<sup>1</sup> However, due to the manager's numerous responsibilities and tasks in attaining the goals of the work group, personal work goals, and the goals of the organization, it is easy for the manager to lose perspective of this function.

Regardless of other pressures, managers should always be aware of two basic responsibilities: 1) knowledge of the specific objectives and goals laid out by the organization; and 2) the need to direct employees to achieve them. Directing people, then, is a means of achieving organizational goals by releasing employee potential through work performance. To carry out this function effectively, managers must aim their efforts toward integrating both the organization and the individual. The bulk of this managerial task rests on the issue of work performance by all levels of management.

The critical point to be noted is how managerial performance acts as a catalytic force in motivating the employee to achieve the organization's objectives and goals, while aiding the employee to pursue personal developmental work goals. This notion suggests that proper direction of managerial performance depends on its direction from supervisory management. Though the theory and principles behind effective performance are easily acknowledged, their practical application in the work situation becomes difficult.

Organizations thus rely on the performance appraisal system as a systematic, formal device to determine and assess the effectiveness of performance of their managers. The performance appraisal system brings to the surface an acknowledgement of the universal function of management, the directing of people. Furthermore, through its form and function, it integrates organizational and individual goals. It gives management the opportunity to scrutinize the existing harmony (or lack of it) between these two entities. Koontz, in his book Appraising Managers as Managers, recognizes the appraising of managerial performance as the key to managing itself. It is here that the manager's strengths and weaknesses are determined and future goals for improvement and development are set.<sup>2</sup>

Of great importance is the communication rationale underlying this managerial tool. To the organization it is a management information system. To the manager it is a feedback system.<sup>3</sup> By obtaining information through a systematic process, management is able to decide on promotions and salary increases as well as the productivity levels of their people, and in turn, set future production goals after determining where work potential lies. Additionally, the manager's supervisor communicates information regarding the attainment of work objectives and the manager's contribution to the organization through performance. Guidelines are offered to help develop the manager's potential. With this feedback, the manager gains a firmer ground on which to direct people.

The government recognizes the appraisal system as an important means of protection for the decisions made by the organization which

affects employees. Recent Equal Employment Opportunity Commission actions and court decisions have underscored the necessity of organizations having accurate, objective records of employee performance to defend themselves against possible suits associated with discharges, promotions, and/or salary increases.<sup>4</sup>

This brief introduction of the performance appraisal system acknowledges its importance and necessity to the overall functioning of the organization and to its people. It seems quite insufficient, however, merely to focus attention on these two factors. One must note that critical to this managerial tool are its stages of: a) design; b) implementation; and c) incorporation into the organizational system. When the proper steps are taken in each of these three stages, the appraisal system operationalizes the sound principles of management.

Therefore, the present study focuses on the current usage of the performance appraisal system and emphasizes training programs for appraisers. Training is considered important to the three stages of the appraisal system.

#### STATEMENT OF THE PROBLEM

This study has five essential purposes: 1) to discuss the practical application of the appraisal system based on a systems theory model; 2) to identify the major purposes for conducting performance appraisals; 3) to assess the perceived major strengths and weaknesses of appraisal systems; 4) to survey current usage of the appraisal systems in large organizations; and 5) to investigate current training programs provided for appraisers.

## DEFINITION OF TERMS

For purposes of this study the term appraisal refers to a formal discussion between a supervising manager and subordinate manager for the purposes of: a) discovering how and why the subordinate is presently performing on the job; and b) suggesting ways the subordinate manager can perform more effectively in the future. Performance is the outcome of actions on the job, and the actions which produce that outcome. Appraiser refers to supervising managers who are responsible for conducting performance appraisals. Appraisee refers to subordinate managers who receive performance appraisals.

## RATIONALE AND SIGNIFICANCE OF THE APPRAISAL SYSTEM

"The overall job of the manager is to create within the organization an environment which will facilitate the accomplishment of its objectives...In doing this, the manager plans the operations of subordinates, selects and trains them, organizes their role relationships, directs their work, and evaluates the results."<sup>5</sup> Implicitly, this brief overview of the role of managers describes their two-fold responsibility to both the organization and the individual. Not only are managers required to attend to the objectives of the organization. In order to meet them effectively, they must be concerned with the functions and performance of each subordinate.

These responsibilities are encompassed in two essential managerial functions: planning and controlling. Planning involves the setting of goals and determining specific activities to carry them out. Managerial control requires that activities and events be

continuously evaluated in light of planned behavior so that corrective action may be taken when required.<sup>6</sup> Raia contends that one form of evaluation is the appraisal of an individual's performance, and views it as an essential element of control.<sup>7</sup>

However, the appraisal of one's performance is not limited to the control function of management. Managers are responsible for adhering to the development and training needs of their subordinates as well as to their performance results. Referring to a projected forecast into the future role and responsibility of management, James G. Affleck, Chairman of the American Cynamid Company, states:

In the future, we as managers will have to develop new attitudes and practices if we are to lead the men and women of the last quarter of the twentieth century and give them the kind of rewarding and fulfilling work experience they are being conditioned to expect. We are going to have to employ people as people, taking into account all the interests, habits, attitudes, and learned skills which when properly exercised lead the human being to new heights of individual and collective achievement. We are going to have to employ 100% of the individual, not 20 or 50 percent which may fit the current job description.<sup>8</sup>

The performance appraisal system can play a major role in operationalizing this penetrating forecast of the managerial role Affleck presents. People have an inherent need to "know where they stand" in terms of their competence and in terms of how their efforts are viewed by others. Ultimately, human beings have a need to learn, to grow, to develop their capabilities. This can only come about with appropriate feedback and a sense of accomplishment. Individual performance appraisals help meet these psychological needs.<sup>9</sup> The appraisal system is built on fulfilling these two underlying "need" categories, and thus, has the potential for achieving 100% individual



involvement in the organization. The appraisal system guides the individual in job performance and serves as an aid in self-motivation and self-development.

An important product of the appraisal system is the communication that takes place between manager and supervisor. The appraisal system allows for a free flow of information between them. It can be viewed as strategic communication that emphasizes climate, personal feedback, and the working relationship, while it is producing a clearer understanding of job expectations and performance behavior.

Further, communication during the appraisal review encompasses more than improved job performance. Subordinate managers are guided in the areas of development and training so that they will be placed in a better position to exercise self-control regarding motivation, responsibility, and the planning of personal work goals.

The need for an appraisal system is acute, for as organizations become increasingly larger and complex, the channels of communication multiply and weaken. In order for the organizational members to communicate effectively under these conditions, organizations depend on formalized communication systems.

#### SIGNIFICANCE OF THE STUDY

Studying the appraisal system from a systems theory perspective provides a conceptual scheme for understanding its nature, role and application. The appraisal system is designed to fulfill specific communication needs and goals unique to each organization. Therefore, the purposes, appraisal forms, methods and procedures will vary from

one organization to another. Studying the purposes and current usage of the appraisal system can increase insight and understanding of the various ways in which it functions in business and industry.

In order to be of assistance and benefit to the organization and its managers, the appraisal system must undergo modification and changes to meet the changes taking place within the organization and its managers. Therefore, studying the major strengths and weaknesses of the appraisal systems can assist in pinpointing areas requiring revision and in capitalizing on the areas that help to maintain their effective functioning.

Investigating the importance of training programs provided for appraisers can help to identify business and industry's position in recognizing the need for training in the area of appraisal, and to determine if this need is presently being met.

#### LIMITATIONS TO THE STUDY

This study has three general limitations. First, the sample population is limited to business and industry of the Fortune 500 and the American Society for Training and Development. Second, the survey results will not necessarily be generalizable to present current usage in all business and industrial organizations. Third, the study will offer only general indications of the major strengths and weaknesses of the appraisal system, and the current usage of training provided for appraisers.

#### PREVIEW OF SUBSEQUENT ORGANIZATION

Chapter II reviews the literature concerning the theory, issues, and practices of the performance appraisal system. Investigating

the literature relating to these aspects is essential to the understanding of the system's dynamic nature, and the important communication role it plays in the effective functioning of the organization and its people. Chapter III discusses the research design of the study, the methodology, the derivation of the sample, construction of the questionnaire, and procedures used in executing the design. Chapter IV presents the results and analysis of the survey. Chapter V presents conclusions drawn from the results of the survey, and contains recommendations for further research generated by the present study.

ENDNOTES

<sup>1</sup>Virgil K. Rowland, Evaluating and Improving Managerial Performance (New York: McGraw-Hill Book Company, 1970), p. 4.

<sup>2</sup>Harold Koontz, Appraising Managers as Managers (New York: McGraw-Hill Book Company, 1971), p. 3.

<sup>3</sup>Marion G. Haynes, "Developing and Appraisal Program," Personnel Journal, 57, No. 1 (1978), 14.

<sup>4</sup>Alan H. Locher and Kenneth S. Teel, "Performance Appraisal-- A Survey of Current Practices," Personnel Journal, 56, No. 5 (1977), 245.

<sup>5</sup>Anthony P. Raia, Managing by Objectives (Glenview: Scott, Foresman and Company, 1974), p. 4.

<sup>6</sup>Ibid, p. 107.

<sup>7</sup>Ibid, p. 106.

<sup>8</sup>James G. Affleck, "The Constructive Orchestration of Chaos," in Management for the Future, ed. Lewis Benton (New York: McGraw-Hill Book Company, 1978), p. 2.

<sup>9</sup>Raia, p. 107.

## CHAPTER II

### REVIEW OF THE LITERATURE

For the past twenty years the topic of the performance appraisal system has drawn a considerable amount of attention from those persons associated with managerial science, organizational development, and organizational communication. The literature concerning the performance appraisal system treats it in both a theoretical and pragmatic fashion, providing a wealth of information ranging from discussions on appraisal methods, forms and procedures, to suggestions on how to design an appraisal system.

Chapter II reviews the appraisal system from a systems theory perspective presented in the literature. This is important because the systems theory aims to present a more wholistic picture of the appraisal system and illustrates the interrelatedness of its aspects. The aspects of appraisal reviewed are: 1) its nature and role; 2) purposes; 3) standards and methods; 4) types of factors appraised; 5) information processing procedures; 6) conditions for an effective appraisal system; 7) problems in the appraisal system; and 8) training for appraisers.

#### THE NATURE AND ROLE OF THE PERFORMANCE APPRAISAL SYSTEM

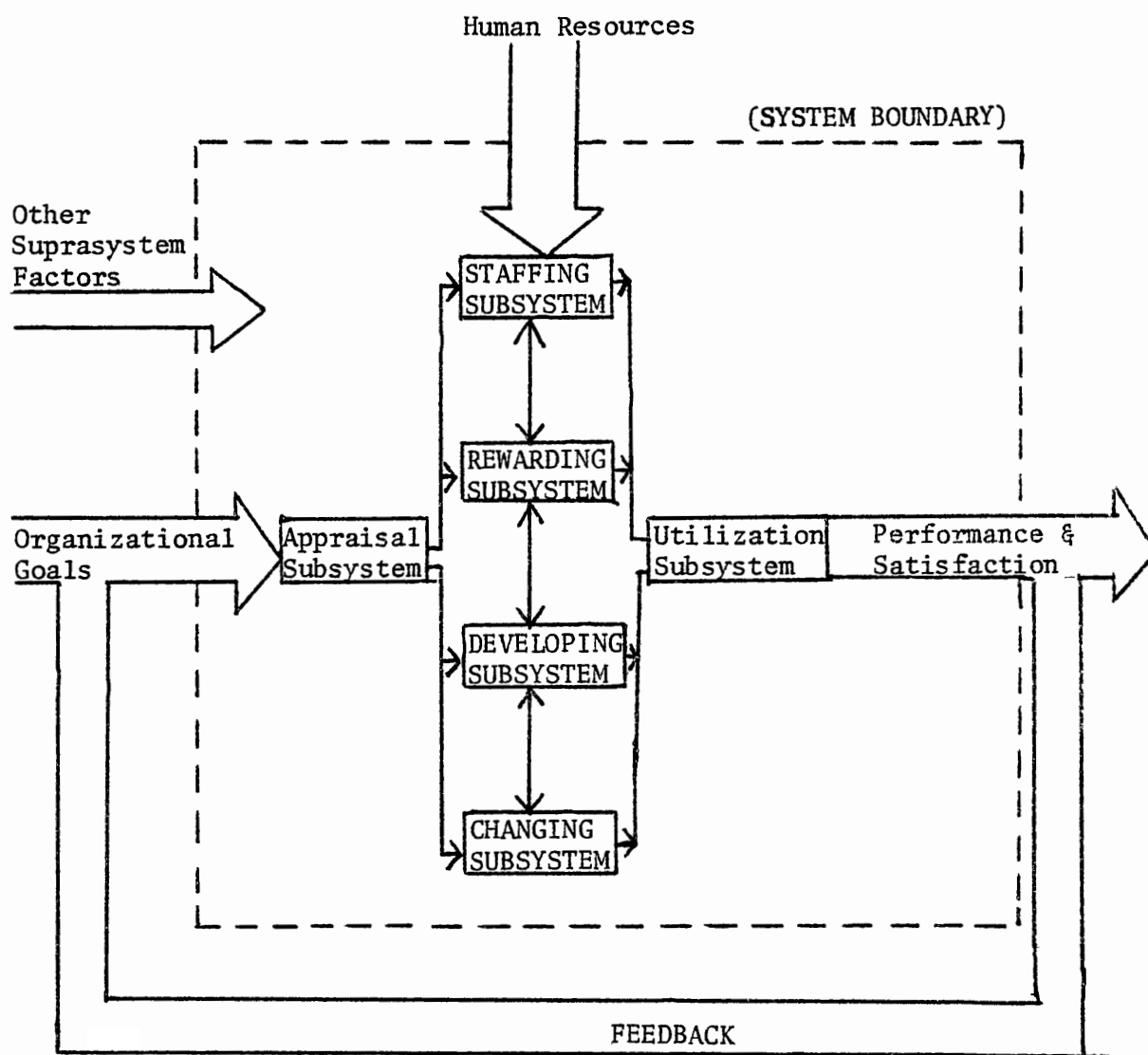
Any performance appraisal system has an essential communicative nature. It is a reciprocal information processing procedure, whereby expectations of the organization and the individual are communicated

to one another. These expectations center around the organizational and personal objectives and goals. If either party is not fully informed of these expectations, both will suffer the consequences of inadequate and incomplete information.

Objectives and goals are directly correlated to performance. The means by which those objectives were met, and the goals achieved must be assessed in order for sound management decision making, planning, and developing to take place. These three managerial activities concern the performance of managers, which in turn, will ultimately affect the functioning of the organization.

One of the most significant insights into the nature and role of the appraisal system in the functioning of the organization is offered by Allen Slusher in which he views the appraisal system through a system's theory perspective.<sup>1</sup> Diagram I is a representation of Mr. Slusher's systems model.

## HUMAN RESOURCE SYSTEM



The appraisal system, based on the organization's goals, is a subsystem of the human resource system. The human resource system is comprised of four interdependent subsystems; staffing, rewarding, developing, and changing. The elements included under each subsystem

are as follows: 1) STAFFING: the recruitment, selection, placement, transfer, promotion, and termination of employees; 2) REWARDING: the merit and intrinsic rewards gained from work performance; 3) CHANGING: organizational climate, management styles, policies, and communication; and 4) DEVELOPING: rotating, training, and counseling of employees.<sup>2</sup> The four subsystems directly support the jobs, types of programs and assignments contained in the utilization subsystem.

The primary focus of the model is on the direct contact between the appraisal subsystem and each of the four subsystems. According to Slusher, the appraisal subsystem serves as a feedback mechanism for the human resource system.<sup>3</sup> The feedback received from the appraisal review alerts management to the problems existing in any one of the four subsystems. It provides information that is used as the rationale for evaluating performance against the objectives and goals of the organization, planning future objectives and goals for both the organization and the individual, assessing the skills and potential of managers, and identifying the developmental and training needs of managers. The feedback aspect of the appraisal system assists management in keeping the human resource system open and adaptable to change. The system will remain open if the appraisal subsystem is recognized as a part of the work cycle, and is utilized in an information-gathering capacity. The appraisal's full potential can be realized only when it is conceptualized as a multifaceted process rather than simply an annual review session.<sup>4</sup>



## PURPOSES OF THE APPRAISAL SYSTEM

The processing of performance information characterizes the basic nature of the appraisal system. To understand the nature of anything fully, one must know its purposes; otherwise knowledge of a system will be incomplete. Thus, in understanding the performance appraisal process one must acknowledge the primacy of its purposes.<sup>5</sup> The major purposes for conducting performance appraisals can best be discussed in relation to the four interdependent subsystems suggested by Slusher.

First, the elements contained in the Staffing subsystem are the promotions or terminations of managers based on the identification of the outstanding and inadequate performers. The decision is a judgment that is passed on the individual's future position and status. The same judgmental decision is made when determining merit increases included in the Rewarding subsystem. Hayden maintains that appraisals performed for judgmental or "administrative" purposes are for the benefit of management, and their importance to the employees is the effect on the particular management decision.<sup>6</sup> Arriving at these decisions requires information on the outcomes or results of performance.

The appraisal subsystem interfaces with the following elements in each of the four subsystems for the purpose of developing the individual and the organization: 1) recruitment and human resource inventory under the Staffing subsystem; 2) intrinsic rewards in the Rewarding subsystem; 3) the rotating, training and counseling of managers included under the Developing subsystem; and 4) the organizational climate, management styles, policies and communication of

the Changing subsystem. Conducting appraisals for developmental purposes gives managers an opportunity to help set individual objectives, to receive feedback on performance, and to participate more fully in shaping their careers.<sup>7</sup> The developmental purpose serves to obtain information that will facilitate the individual's improvement in performance, and determine her developmental and training needs for higher levels of achievement. Hayden expands the description of purpose by maintaining that the manager development appraisal is to provide managers with information regarding performance expectations (standard of performance) of the supervisor, and advice, coaching or counseling to help the manager meet expectations that have not been achieved.<sup>8</sup> The developmental decisions require information on job-related behaviors that produced the results.

The value of designing an appraisal system for developmental purposes cannot be stressed enough, for it is through an assessment of job-related behaviors that an organization can help to improve managerial skills, develop talent, and ultimately increase effectiveness for both the individual and itself. The organization's climate, management styles, policies and communication of the Changing subsystem can be modified through information obtained from performance appraisals. Thus, appraising for developmental purposes keeps the human resource system open and adaptable to change. The major focus of appraisal should be future oriented. Improving future organizational performance and enhancing managerial potential should be the primary concern when managing the human resource system.<sup>9</sup>

From these two major purposes, the organization sets specific objectives for its appraisal program according to its unique management and organizational needs and objectives. For example, an appraisal program might be designed to obtain information regarding development and training needs, the skills and potential of managers, or to assist in determining merit increases and promotions. Organizations may find the need to accomplish all these objectives when appraising managerial performance; however, they must be cautious of the fact that judgmental and developmental purposes are separate, often yielding totally different types of information. No one single appraisal instrument can serve both purposes adequately and accurately. Lazer and Wikstrom cite one management consultant's description of the multipurpose appraisal:

...You cannot merge uses in the same data collection. You can't, for example, use the same appraisal to collect both compensation data and developmental or training needs data. They are diametrically opposed... Companies are kidding themselves--they can't handle multiple uses on a single form.<sup>10</sup>

Kearney suggests that organizations wishing to appraise managers for both judgmental and developmental purposes should design two separate appraisal programs.<sup>11</sup>

Further, the merit performance appraisal should be conducted at a time different from that of the manager development appraisal. In a recent interview, a management training specialist from a major airline cited a major weakness in her system as being promotion and merit increases discussed simultaneously with that of the strengths and weaknesses of the employee's performance. She

states:

The appraisee correlates the strengths of his performance with that of merit, and disregards the developmental purpose for discussing the strengths and weaknesses of performance. Also, when the appraisee is requested to list his strengths and weaknesses, he'll place more emphasis on listing the strengths and playing down the weaknesses.

Determining the purposes of appraising performance is crucial to every aspect of the appraisal program. The appraisal methods utilized, the factors to be evaluated and discussed, the skills required for appraising, and the ways in which the information obtained is to be used, all must reflect and fulfill the system's intended purposes.

#### STANDARDS FOR THE APPRAISAL OF PERFORMANCE

The major purposes and specific objectives determine the performance standards and appraisal methods to be utilized in the appraisal system. It is imperative in the designing stages of the system to adopt standards that will fulfill its purposes.

The three general standards from which specific performance criteria are established and measured are traits, results, and behaviors. The key consideration in setting the standards for appraisal centers around the following question: What criteria will best measure the effectiveness of performance?

For many years appraisal systems focused on evaluating personality traits. The assumption was that there is a relationship between the presence of selected traits and effectiveness or achieved results.<sup>12</sup> Trait standards were essentially used to evaluate the individual rather than the individual's performance. There

is one major pitfall to this approach which has caused organizations to adopt behavior or results-oriented standards. Kearney contends that traits are such a fundamental part of personality, that few people are successful in altering them directly or significantly.<sup>13</sup> Basing decisions for promotion, termination, or merit on personality traits seems rather tenuous. The appraisers' judgment of the manager's ambition or industry becomes highly subjective. The only guidelines for a decision come from the appraiser's own value system. Additionally, it would be difficult to assess the degree to which one must be industrious or ambitious to receive a promotion or salary increase. There is a general consensus among authorities that there is very little or no value to appraising performance based on traits.

Appraising the results of performance can also serve judgmental purposes. Appraisal systems employing results standards measure performance by clear and specific stated outcomes, which the organization sees as essential to its effective functioning. Results standards have an advantage over the trait standards in achieving judgmental purposes. Individuals are evaluated on what they have accomplished, rather than on what they are. Further, appraisers can maintain a more objective position in their decisions on promotion, termination, and salary increases. The review consists of matching accomplishments with that of the desired results. A drawback to the results approach is that it neglects information regarding the process of obtaining the results. If the standards are not accomplished, then it is the task of the manager's supervisor to diagnose

what has gone wrong and to work out, with the subordinate, how to put things right.<sup>14</sup> The results standards do not offer the appraiser a base from which to offer constructive suggestions as to how performance can be improved to meet the stated objectives and goals.

Therefore, for those organizations that wish to design an appraisal system that concentrates on the process of attaining desired work objectives and goals, the behavior standards appear on the appraisal form. Behavior standards are employed for developmental purposes. Cummings outlines some specific objectives that can be fulfilled if behavior standards are operationalized. If performance standards are expressed in terms of desired behaviors, they can be utilized in designing the objectives for training programs, as well as for providing standards for the immediate supervisor, which will allow for nearly instantaneous feedback concerning the desirability of on-going behavior.<sup>15</sup> This standards approach supplies the appraiser and appraisee with information regarding the behaviors necessary in achieving the results. If those behaviors are not displayed, both parties can work together in finding ways to improve, modify, or change them in order to reach the work objectives and goals previously set.

Kearney maintains that to be useful for development and improvement purposes, the behaviors to be evaluated must be job specific. They must be applied to a particular job rather than being used as a global factor thought to be important in jobs in the same generic category (for example, salesman, supervisor). They must be observable and measurable, as well as something over which

the individual has control.<sup>16</sup>

In choosing standards that will communicate to appraisers and appraisees alike what the organization perceives as effective performance, the designers of an appraisal system must first acknowledge the strengths and weaknesses, and the advantages and disadvantages of each standard, and plan accordingly. Also, the decision around what is to be appraised (traits, behavior, or results) is important, because this decision should be compatible with the intended purpose of appraisal.<sup>17</sup>

#### APPRAISAL METHODS

The decision to adopt appropriate appraisal methods must also be well-matched with the system's intended purposes. The principle appraisal methods used are: 1) alternation ranking; 2) paired-comparison ranking; 3) forced-choice distribution; 4) MBO; 5) essay; 6) critical incident; 7) checklists; and 8) graphic rating scale.

Ranking methods are used for judgmental purposes. Specifically, these methods include paired comparison and alternation rankings, and forced-choice distribution. They involve a comparison of employees in order to distinguish outstanding, average, and below average performers for merit increases.

In the paired comparison ranking, the group of employees to be evaluated are all paired so that each person is paired with everyone else. The appraiser judges all pairs, marking the better of the two. The process is repeated for each individual. The person with the most marks is placed at the top of the list, while the person with the least number of marks is placed at the bottom.

Alternation ranking requires the appraiser to list the people in the group to be ranked. The most valuable person is selected from the list, and then the least valuable person. Their names are removed from the list and the procedure is repeated until everyone is ranked. Both ranking methods are among the best available for generating valid order-of-merit rankings for salary administration purposes.<sup>18</sup>

Appraisers using the forced-choice distribution describe the appraisee by selecting one or more descriptive terms from a set, or between a list of statements that best fit the individual. The terms and statements are weighted without the appraisee knowing their scoring weights. Therefore, the appraiser is unaware of whether the appraisee's rating was either high or low. This method is frequently resisted by supervisors, since they cannot see the kind of overall appraisal they are giving. It also has no value in performance discussions.<sup>19</sup>

Ranking methods pose serious problems for the appraiser and appraisee. Kearney suggests that rankings which tie trait dimensions to global performance factors such as productivity or efficiency may not be a valid determination of more effective employees.<sup>20</sup> The appraiser receives information of little substance when having to decide ways to increase effective performance and improve inadequate performance.

A second problem is the win-lose situation that appraisees face when being ranked. Ranking is a zero-sum game because individuals are being compared with one another. No one can increase his/her ranking without someone falling lower in rank.<sup>21</sup> The



outcomes can be disastrous to morale and motivation. Zero-sum systems which are introduced as a means of increasing motivation often have the opposite effect. They focus attention on the zero-sum aspects of the work situation and create a closed system in which a high portion of managers come to feel that regardless of their efforts they will remain outside the winners' circle.<sup>22</sup>

Management by Objectives (MBO) is the method used most frequently in measuring the outcomes of performance for judgmental purposes. Ideally, MBO is designed to enable the appraisee to participate more fully in the discussion of performance. Setting work objectives and goals is to be a joint effort between the subordinate prior to appraisal. At the time of the appraisal review, both parties discuss the performance results and assess them against the goals. The feedback that is exchanged is the basis for the new goals to be set for the next time period. MBO indirectly supports developmental purposes, but the determination of the process of getting results is left to the insight and wisdom of the superior and subordinate.<sup>23</sup> Additionally, when a second method is employed, MBO can serve as an excellent method in fulfilling developmental purposes. The discussion on the following methods will focus on this notion.

The critical incident and essay methods entail recorded observations of the subordinate's performance job. The critical incident technique points to specific instances and behaviors of a positive and negative nature. The advantage to this method is that it prepares the appraiser to enter the feedback interview with actual,

factual incidents to discuss with the appraisee. Using these incidents as the basis for discussion, the appraiser and appraisee can suggest ways to improve performance and develop potential. The critical incident method appears to be ideal for the purpose of helping supervisors to observe their subordinates more closely and to do a better coaching job.<sup>24</sup> Oberg (1972) cites several drawbacks to this approach, however. The first is a time factor. Supervisors are required to record incidents on a weekly basis which is a chore for many of them. Secondly, the performance standards are set up by the supervisor which may not be in agreement with the subordinate.<sup>25</sup> However, if this method were coupled with MBO, these standards can be set mutually by both parties. Thus, both actual behavior and actual results can be discussed objectively and constructively. The combination of these two appraisal methods can fulfill developmental purposes of appraisal.

Combining the appraisal of both behaviors and results can also be accomplished through MBO and the checklist method. The checklist is a list of statements describing the subordinate's behavior. The appraiser checks only those statements that are applicable to the individual's performance. These behaviors can be discussed in relation to performance results.

The essay method requires the appraiser to supply written open-ended responses regarding the subordinate's strengths and weaknesses, potential, and training needs. The performance factors that are recognized by the appraiser can be beneficial to the development needs of the appraisee. The main objection to this method is the

variability in length and content of the essay. Moreover, since different essays touch on different aspects of the individual's performance or qualifications, essay ratings are difficult to combine or compare.<sup>26</sup> For comparability, the graphic rating is desirable.

A graphic rating scale is an appraisal form that is comprised of categories containing specific performance items, qualifications, and characteristics. The appraiser evaluates the level of employee performance in each category by checking a box, circling a number or letter, or placing a mark along a continuum line.<sup>27</sup> Oberg contends that identification of training and development needs can best be accomplished through the essay part of the combined graphic/essay rating form.<sup>28</sup> The essay is a specified explanation of performance factors rated on the graphic scale. A combination of these methods is additionally helpful in establishing a reference and research base for personnel decisions.<sup>29</sup>

Choosing the appropriate appraisal method is important to the type of information the organization desires to receive on managerial performance, as well as the type of information it wishes to impart to its managers. If the organization wishes to exercise the full potential of the appraisal system, it will choose a method or combination of methods that will supply the appraiser and appraisee with information that aids in understanding each other's expectations, objectives, and goals. Further, the method or methods should enable them to look at the performance objectively in relation to the job situation in order to determine ways for improvement and the development of managerial potential.

## TYPES OF PERFORMANCE FACTORS APPRAISED

The performance standards dictate the type of factors that are to be appraised. The crucial point to be remembered when choosing specific factors is their observability and measurability. In 1975, Feild and Holley conducted a study surveying 34 state-wide appraisal systems used in the public sector. Their method was to analyze the methods used in the appraisal programs for each state. Their findings concerning the factors appearing on the appraisal form were categorized as follows: managerial skills, achievement of goals, job behaviors, personal traits, and potential.<sup>30</sup>

Behavior standards include managerial skills as well as job behaviors. Managerial skills can be described in terms of abilities to organize and plan long and short-term projects as well as daily tasks, and to motivate subordinates individually and as a team. Interpersonal communication skills and leadership ability may also be included in this category. Job behaviors include factors that are related to duties specified in job descriptions.<sup>31</sup>

Achievement of goals coincides with the results standards. Depending on what the organization views as desired results, factors appearing on the appraisal form may be the quantity and/or quality of work in terms of completion of long and short projects, costs, and production.

Personal traits are specified as attitudes, such as commitment to work, initiative, adjustment to change, and personal characteristics such as dependability, maturity, and learning ability. These factors are subject to diversified interpretation, and provide no

basis for measuring actual, observable performance. Rating of such factors may seriously affect the reliability and validity of the appraisal form.<sup>32</sup>

The category of potential concerns the capacity for development and advancement. These two factors may be anchored in either behavior or results-oriented standards or a combination of both.

When incorporating any of these factors in the appraisal form, designers must be as explicit as possible in describing them. Many times a mere listing will not suffice. For example, leadership ability covers numerous responsibilities and behaviors. To provide a comprehensive description offers an insurance of uniform interpretation of the factors to be rated.<sup>33</sup>

#### INFORMATION PROCESSING PROCEDURES OF THE APPRAISAL SYSTEM

There are four information processing procedures that are designed to incorporate the appraisal process into the work cycle, allow for greater subordinate participation, and sustain an open, adaptable human resource system. The rationale for implementing these procedures stems from the recognition of the appraisal system's dynamic nature, as they allow for a continuous two-way communication between the superior and the subordinate. All four procedures are interdependent, each functioning to help complete the picture of the quality of managerial performance existing within the organization. Through these procedures, the superior, subordinate, and organization have access to information that will help them to improve, develop, and change. Without disseminating this information, the human resource system is closed.

Prior to the formal appraisal interview, the superior holds a meeting with the subordinate to discuss the purpose of the appraisal and the job expectations. Informing the subordinate of the appraisal purpose generates a clearer understanding of motives for appraising certain areas of performance the organization views essential to effective organizational functioning. When the appraisal system is based on developmental purposes, the organization communicates its desire to help individuals achieve their goals as well as its own.

The communication of job expectations entails the superior's definition of the performance standards and job duties that are expected of subordinates. Subordinates must clarify what they, in turn, expect of their superiors and their job.<sup>34</sup> The objective of this information exchange is to achieve a mutual understanding of performance expectations, as well as to aid both parties in pinpointing performance behaviors that fulfill or do not fulfill each other's expectations. Additionally, it serves as the basis for the superior's continuous feedback on the subordinate's daily performance. If there are any discrepancies in expectations, it is at this time they can take measures to alleviate them. One such measure is to use the subordinate's job description as the basis for determining performance expectations. Levinson argues that a job description must amplify statements of job responsibility and desired outcomes by describing the emotional and behavioral topography of the task to be done by the individual on the job.<sup>35</sup>

A second procedure which also precedes the formal appraisal interview is the subordinate's self-appraisal of his/her performance.

The purpose of self-appraisal is to enable the subordinate to prepare for the feedback interview that is conducted after the completion of the appraisal form. The advantage to this procedure is the continuation of subordinate participation in the appraisal process and improved two-way communication. The subordinate independently completes the same appraisal form as the superior, and brings it to the feedback interview. This comparison of ratings will comprise a portion of the interview. The comparison helps to determine where the differences lie which then can be immediately discussed during the interview.

Self-appraisal gives subordinates the opportunity to present their perceptions of their actual performances. Kenneth Teel has used self-appraisal in carrying out appraisals of six employees over a four year period. Commenting on the results obtained, he relates the following:

All six employees asked more questions, volunteered more comments and suggestions, and generally spoke more freely in the appraisal interview than they had before. This convinced me that the new procedure had definitely succeeded in improving two-way communication.<sup>36</sup>

If these two information processing procedures are carried out, a directive approach can be taken toward the formal appraisal interview. The information obtained from the discussion of job expectations and the self-appraisal establishes a foundation for planning topics of performance to be discussed at the interview.

The feedback interview is a perception-checking device for the supervisor and subordinate. Margerison suggests that the discussion should center around the subordinate's view of his/her

performance, and in the process, the supervisor can recollect past performance to check if the subordinate's record is accurate.<sup>37</sup>

The superior then adds personal observations of performance that have not been mentioned by the subordinate. Appraisal ratings should then be presented, compared, and discussed.

A key function of the interview is to accumulate as much of the necessary evidence as possible upon which to base decisions concerning the subordinate's development.<sup>38</sup> Therefore, the second portion of the interview, based on what has previously been discussed, should focus on identifying the strengths and weaknesses of the subordinate's performance. These two areas should be discussed in the context of the individual's work situation in order to distinguish the sources of the strengths and weaknesses. The work situation includes the supervising manager's style of managing, organizational pressures and facilities, and the incentives for development.<sup>39</sup>

The strengths and weaknesses can be assessed according to the ways in which the individual performs under pressures, utilizes the available facilities, and takes advantage of the incentives for development offered to her. The description of the work situation implies that the sources of weaknesses in performance may not necessarily reside within the individual, but rather in external factors such as management styles, inadequate facilities, or too many organizational pressures. If these factors are discussed in feedback interviews, the information can alert the organization to modify or change the elements in the Changing subsystem.

By acknowledging the weaknesses, both parties can work together



to discover ways in which performance can be improved, either through changes in behavior, or training. Citing the strengths helps to determine the subordinate's managerial potential, and future contributions to the organization, while assessing strengths and weaknesses serves as a guideline for future work goals and career plans.

The final information processing procedure deals with the proper distribution and utilization of the information gathered from the feedback interview. Areas of performance needing improvement, and future performance objectives and goals are used as guidelines for the superior when directing the subordinate manager in daily management. Both parties will periodically refer back to these objectives and goals to discuss the subordinate's progress being made to achieve them.

This portion of the appraisal information is received by the superior's supervisor, and kept on file with the superior along with a copy included in the subordinate's personal record. The jointly signed appraisal form containing the final ratings and comments written by the appraiser and appraisee are sent to the personnel or manpower planning divisions for personnel research.

#### THE ROLE OF THE APPRAISER

The appraiser is the key to the success or failure of any appraisal system. If an appraiser does not know how to observe behavior objectively, does not understand how to use the system, or is not willing to devote enough time to the appraisal task, the appraisal system will be ineffective.<sup>40</sup> The formal nature of the

performance review requires the appraiser to exhibit skills that are not normally utilized in day-to-day management; however, the essential tasks, responsibilities, and personal attitude toward the role of management are reflected in the performance review.

A manager's tasks and responsibilities for setting objectives and goals, and communicating expectations of work activities and job descriptions, are not restricted to an annual performance review. Further, the responsibility of developing and directing human potential must be fulfilled on a daily basis. An appraisal system which is designed with the purpose of developing managerial potential cannot be effective if the supervising manager is not consistent in helping to carry out this purpose throughout the year.

Before discussing the role of the appraiser, it is necessary to present the issues dealing with the development of the individual and the role of management, as these issues directly apply to the demands of appraising performance effectively.

The notion of developing managerial potential remains one of the most important issues to both the human resource system of the organization and the organization itself. Development can be viewed from two perspectives: 1) as it applies to managerial direction in promoting self-growth; and 2) as it is essential for the organization's ability to adapt to and profit from change that is ever-present in organizational life. The appraiser plays an integral role in both these areas of development.

In their book, Managers for Tomorrow, Rohrer, Hibler, and Roplogle take a deeper look into the concept of manager development

and argue that the existing conceptualization of manager development has been one which fails to examine the implications of growth and development. They contend that this conceptualization is grounded in the notion that the superior's job is to "grow" the subordinate, that is, the superior determines what the subordinate needs.<sup>41</sup>

This conceptualization is not wholly unacceptable. The supervising manager must assess the necessary skills and job behaviors required for the job of a subordinate manager, and direct the subordinate with the aid of management development programs. However, if we are concerned with development, this notion bypasses one of the most important aspects of management development, that is, the manager. This underlying premise is that in order for a manager to develop his/her potential, the conscious desire to improve performance and to change, resides within the individual. There is not a management development course or appraisal system that can directly engender this desire to grow personally and professionally.

The desire to improve and develop work potential is nurtured through the supervising manager's responsibility to motivate the subordinate manager. Motivating entails an awareness of the manager's abilities and responsibilities. Job-related motivation is a function of the particular individual, the perceived job situation, the range of behavioral choices confronting the individual, and the range of goals available to the person.<sup>42</sup> These variables should constitute a large portion of the topics discussed between superior and subordinate; however, effective motivation does not evolve when these variables are only discussed during the time of

the performance appraisal review. The superior's continuous feedback on the progress of the individual's performance is essential to the subordinate's acknowledgement of the potential being released.

Hellriegel and Slocum contend that the individual will experience self-generated motivation if the person knows and understands, on a continuous basis, how effectively he or she is performing the job.<sup>43</sup> Thus, the means to self-development resides in the two-way communication taking place between supervising manager and subordinate manager. Furthermore, management's message should reveal an understanding of the subordinate's desire to please and to be understood. This function of communication also give management an opportunity to contribute to a subordinate's self-development.<sup>44</sup>

The development of managerial potential affects the growth and development of the organization, as it acts in accordance with the organization's objectives and goals as well as the individual's. Analyzing this statement from a systems theory perspective, the input from a continuously developing human resource system can produce a higher quality of output or organizational performance. This output affects the other subsystems of the total organizational system, and in turn, aids in the organization's adaptation to a changing internal and external environment.

If the responsibility of supervisory management is to assist in the self-development of subordinate managers, then it should follow that it remains a responsibility of those managers who formally appraise performance. Thus, when appraising performance for developmental purposes, the role of the appraiser is characterized

as that of an advisor, a coach. Appraising performance in a coaching capacity requires the appraiser to maintain a willingness to evaluate the individual's performance to help the appraisee examine the ways to improve current performance and develop work potential. When assuming the coaching role, the appraiser permits two-way communication to take place between the appraisee and herself. Two-way communication presupposes that the appraisee is given opportunities to air personal reactions, suggestions and aspirations without being condemned as being immature or lacking perception.<sup>45</sup>

The discussion of the appraisee's performance is a mutual exchange of opinions and ideas concerning the problems confronting the manager, and his/her strengths to overcome them and to improve performance. The supervisor should guard against telling a manager how to solve his/her problem. When the supervisor tells the manager what to do to correct the performance discrepancy, not only does this invite defensive behavior, but it discourages managerial development.<sup>46</sup>

Appraising performance in the developmental context requires that appraisers possess detailed information regarding the work performance standards to be met and the stated goals to be achieved. They must be willing to help determine the causes of poor performance and offer constructive suggestions that assist appraisees in examining the means to achieve the mutually desired end-results. In order to offer suggestions, appraisers must know the manager's abilities to meet the challenges of the job and the desire to improve performance.

The climate existing in the appraisal review is one that perpetuates attitudes and behaviors that help both parties to learn of each other's expectations of the appraisee's job role and his/her performance. The appraiser's responsibilities are demanding, but if managing for development occurs on a daily basis, the communication that takes place between appraiser and appraisee should not be difficult to establish and maintain. P. P. Kelly describes the coaching role in appraising performance as follows:

In my opinion, successful coaching is not a matter of techniques but of relationships--despite our growing knowledge of manipulative skills based on psychology, there is no demonstrable or even desirable way of creating sound interpersonal relationships on any basis but sincerity, honesty, and mutual esteem. Only when mutual trust is established can true and frank discussion really exist. If the manager has a real interest in developing his men--the coaching problem is well on its way to solution.<sup>47</sup>

Aside from the coaching role, appraisers must possess evaluative abilities, whether the purpose for appraising is judgmental or developmental. One authority on the subject of appraising performance concludes that no system, regardless of its features, can be effective unless appraisers are capable and motivated.<sup>48</sup>

Capability refers to the appraiser's skills in evaluating job behaviors through direct observation, conducting appraisal interviews which focus on areas of performance needing improvement, and directing appraisees to set future goals. Additionally, the appraiser must have the interpersonal skills necessary for conducting a feedback interview that will engender a mutual understanding of perceptions and opinions on performance.

These skills can be developed if the appraiser first has full knowledge of the philosophy and objectives of the organization's appraisal system. The objectives include the reasons why certain factors to be evaluated appear on the appraisal review form. It is with this information that the appraiser can develop his/her perception of the appraisal system that is similar to that of the organization's. The appraiser must be aware of the procedures of the appraisal review, and familiar with the mechanics of the appraisal techniques utilized in the system. As well as understanding the objectives and procedures of the appraisal system, Haynes contends that the appraiser's ability to judge performance depends on having a clear understanding of job requirements and standards of satisfactory performance.<sup>49</sup>

In regard to motivation of the appraiser, Decotiis and Petit offer six determinants of appraiser motivation: 1) perceived consequences of accurate appraisal for both appraiser and appraisee; 2) rater perceptions of adequacy of the performance appraisal instrument used; 3) relevant organizational policies and practices; 4) appraisal format itself; 5) availability of the appropriate standards of performance; and 6) purposes of appraisal.<sup>50</sup> These six determinants clearly call for the need for proper implementation of the appraisal program into the overall functioning of the organization as well as in the role of management. It is the responsibility of the organization to inform appraisers of the nature and features of the appraisal program in order to assist in motivating them to conduct accurate performance appraisals that will benefit the

appraisee, the appraiser, the management system, and ultimately the organization.

The responsibility of the appraiser is to integrate the organization's goals with those of the individual's. The responsibility is fulfilled when the appraiser recognizes that formally appraising performance is another means by which to direct people.

#### CONDITIONS FOR AN EFFECTIVE APPRAISAL SYSTEM

An appraisal system that functions to supply complete and accurate information for the organization, appraiser, and appraisee must meet certain conditions. When properly secured, these conditions serve to maintain an understanding of the system's role and purpose of appraisal. These conditions will be categorized according to the system's design and implementation, and its incorporation into the organization.

##### Stage 1--Design

The design stage is comprised of two planning activities. The appraisal system is an extension of the philosophy and objectives of the organization. The first stage of planning involves top management in analyzing the appraisal system's purpose and information goals according to those objectives and philosophy.

The issues that require top priority during this planning stage center around the assessment of the managerial performance necessary for optimizing organizational functioning. For example, top management might emphasize self-motivation and the motivation of subordinates, the quality of projects completed, and the innovation of new ideas as a few of the desired characteristics of



effective managerial performance. In turn, top management must recognize the incentive they offer their managers in the development of potential and managerial skills. An acknowledgement and analysis of these two issues illustrates the organization's realization of the reciprocity involved in fulfilling their needs and the employees' needs.

Top management's involvement in the appraisal system does not end at this planning stage. Parkinson suggests that board seminars, comprised of the designers of the appraisal system and top management, be conducted frequently for ensuring complete understanding and commitment at each stage of the system's development.<sup>51</sup> Commitment to the appraisal system is mandatory if managers are to accept appraisal as a part of their role. Parkinson poses the following question in support of mandated commitment from the top: "Why should management further down give commitment to something higher levels choose to ignore?"<sup>52</sup>

The second stage of design revolves around consideration of the accuracy of information yielded from the appraisal system. Accuracy is determined by consistent data and data obtained and used for the system's intended purposes. These two criteria refer to the system's reliability and validity. Reliability is the consistency with which the appraisal measures anything, while validity is meaningful only in terms of particular uses to which the data are put, and an appraisal may be valid for one purpose and invalid for another.<sup>53</sup>

Lazer and Wikstrom suggest three techniques that can be built

into the appraisal process to estimate reliability: appraisal-reappraisal, multiple raters, and parallel appraisals.<sup>54</sup> Briefly, the appraisal-reappraisal technique takes two ratings, one administered a few months after the other, and the two are then compared for their similarity. Using multiple raters allows for difference viewpoints of the manager's performance at a given time. The degree to which these appraisals agree with one another is considered the performance appraisal's reliability.<sup>55</sup> The parallel appraisal involves designing two separate appraisal forms both administered at different times, but measuring the same areas such as skills, potential, productivity, only with different measures and terms. Comparing the data obtained from both forms, noting their similarities, is the estimation for reliability.<sup>56</sup>

The validity of the appraisal system is ensured if the factors appearing on the form actually pertain to the responsibilities necessary for the performance on the job, and the system's ability to distinguish between good and poor performers. Secondly, validity concerns the appraisal score compared with another performance measure. For example, if a rating or quantity of output correlates highly with actual productivity, this rating is considered to be concurrently valid.<sup>57</sup>

## Stage 2--Implementation

The next set of conditions that determine the effective functioning of the appraisal system involve its implementation in the organization. The appraisal system's procedures and administration require a uniform understanding on the part of those persons involved

in the appraisal process. In other words, the system must be standardized.<sup>58</sup> Specifically, appraisers and appraisees must be aware of and understand the system's purpose and objectives, the interpretation of the factors to be appraised, the mechanics of the appraisal methods, and the responsibilities involved in establishing two-way communication in the information processing procedures.

Securing uniformity is accomplished by implementing various communication channels to inform appraisers of these appraisal aspects. The most widely used channels are written instructions appearing on the appraisal form, written manual, and formal training for appraisers. Instructions on the appraisal forms may include definitions of terms, descriptions of the interpretation of the rating scales, and an outline of the basic procedures to be followed by the appraiser and appraisee. Some written manuals detail the entire rating process from the company's philosophy to tips on conducting the feedback interview.<sup>59</sup> Training programs for appraisers cover these appraisal areas along with providing them the opportunity to practice their interpersonal communication skills in conducting a feedback interview.

The feedback interview is one of the most important phases of the appraisal process. Appraisers need to develop and/or improve skills in active listening, encourage appraisee participation, and offer constructive feedback. Additionally, an effective feedback interview is described as one in which the appraiser creates an open and honest atmosphere making the appraisee feel at ease, while also communicating the desire to accomplish something during the interview

rather than just satisfy a regulation.<sup>60</sup> These attitudes and behaviors can evolve if appraisers understand that the role of appraisal helps to shape their working relationships with subordinates, and assists in managing the human resource system.

### Stage 3--Incorporation

In order for the appraisal system to successfully interface with the subsystems of the human resource system, an update and modification of its procedures and administration are essential. Thus, the condition fostering satisfactory incorporation of the appraisal system into the organization is the establishment of evaluation measures taken to periodically check appraisers' abilities in carrying out effective interviews, proper utilization of appraisal methods, and uniform interpretation of rating scales. Further, as the needs and goals of the organization and its people change, so must the appraisal system adapt and meet them. Lopez offers several measures to evaluate the functioning of the system:

- 1) Personal interviews with supervisors and/or executives.
- 2) Field audits to assess conformity to or variance from objectives and standards.
- 3) Analysis of group results through regular reports.
- 4) Surveys of supervisor and employee opinions.
- 5) Research programs by systematic studies of problem areas.<sup>61</sup>

### PROBLEMS IN THE APPRAISAL SYSTEM

For the past twenty years, authorities have cited problems with the appraisal system, and to date, the same problems still exist. Why haven't the attempts at control been satisfactory to date? Although many specific causes can be attributed, a general

response to this question will be offered. Taking the time to meet the aforementioned conditions in the design, implementation, and incorporation stages of the appraisal system, and foreseeing potential problems have been neglected. The majority of the problems rest with appraisers' skills. Other problems can be traced back to faulty design of the system.

The problems found in the design stage come with the commitment to the system, setting appraisal objectives and choosing appraisal methods. Gill cites that appraisal systems lack commitment from the top,<sup>62</sup> while Robinson and Robinson note that specific areas of appraisal lack support from high level managers. They contend that supervisors of managers do not understand and reinforce the appraisal skills their managers have learned in training programs for appraisers.<sup>63</sup> These problems once again illustrate the need for the communication of objectives and philosophy of the appraisal system, and the purpose and responsibilities for carrying out each aspect of the appraisal process.

Addressing the problem of setting objectives and choosing appropriate appraisal methods, Locher and Teel conducted a survey study of current appraisal practices of 216 California businesses and industries. They discovered that the organizations were not adequately defining appraisal objectives, and in turn, gave little attention to choosing methods that would fulfill objectives. Further, they assert that many of the organizations seem to have adopted the appraisal method that most impressed them or was readily available at little cost, and then tried to figure out how best to use it.<sup>64</sup>

In their study of 34-state appraisal systems, Holley and Feild found four problem areas with the rating scales:

- 1) Expression of more than one thought in particular rating area.
- 2) Raters required to rate what they infer rather than what they observe.
- 3) Lack of internal consistency among statements to be rated.
- 4) Use of vague concepts in ratings.<sup>65</sup>

As previously discussed, designers must be careful to include appraisal factors that are observable and measureable, along with defining factors that have numerous interpretations.

The remainder of the problems center around: 1) the lack of preparation for the feedback interview; 2) communication skills; 3) rating ability of appraisers; and 4) the feedback given at the time of the feedback interview. In their study of the feedback interview of a major airline, Spohn and Downs report from responses gathered, that many people complained about the lack of preparation by both supervisors and subordinates; particularly in compiling data for their meeting.<sup>66</sup> In a broader context, Robinson and Robinson contend that many supervisors do not take the time to prepare for discussions with appraisees about performance and find themselves lacking clear-cut objectives for the discussion, therefore accomplishing very little.<sup>67</sup> This problem can be explained by citing several possible causes. The importance, purpose, and impact of the performance appraisal might not have been adequately communicated to appraisal personnel, thus not giving them any reason to plan properly. Appraisers may not have been informed and/or trained in setting objectives for the feedback interview. Lastly, time pressures may have precluded proper planning, when in

this instance, the interview should be postponed until preparation is secured.

Supervisors lack necessary skills in conducting feedback interviews in dealing with performance problems. Decotiis and Petit maintain that it is difficult for many appraisers to give constructive criticism of appraisee job behavior or to provide unambiguous cues for appraisee behavioral change.<sup>68</sup> Designers of an appraisal system should never assume that every person automatically possesses or acquires appraisal skills when acting in an appraiser capacity. Training appraisers is necessary in this area.

Furthermore, the lack of appraisal skills affects the accuracy of the appraisee's rating. Decotiis and Petit note that lenient appraisal ratings result when appraisers are not skilled at identifying an appraisee's development needs or suggesting behavioral changes.<sup>69</sup> When appraisers do not know how to confront less effective subordinates with negative ratings or negative feedback in feedback interviews, they often take the more comfortable way out and give average or above-average ratings to inferior performers.<sup>70</sup>

The above mentioned represent the more prevalent problems plaguing the appraisal system. Although training appraisers is not to be thought of as the panacea for solving all the problems that preclude the appraisal system from being effective, the following section will present evidence of the ways in which a training program can control for the majority of them.

## TRAINING FOR APPRAISERS

The failure to offer adequate training for appraisers is a very real problem when one considers its importance and necessity in achieving and maintaining an effective appraisal system, and the demands placed on an appraiser when assuming a coaching role in the formal appraisal. Training appraisers is basic for the design of the appraisal system, its implementation, and incorporation into the organizational system.

In designing the system, planners must be careful to include training as an integral part of the system. Through the training program complete and accurate information regarding the system's objectives and procedures will be communicated to appraisers. Written instructions on an appraisal form or separate manual will not suffice, as specific questions about the process may arise and go unanswered. Locher and Teel contend that most appraisers must "sink or swim" on the basis of what they can learn from written instructions and/or informal comments from their colleagues.<sup>71</sup>

One of the advantages in presenting the purposes of appraisal and procedures in a training program is the emergence of a clearer understanding of the role of the appraisal. Allinson conducted an evaluation study on a training program for appraisers implemented in a manufacturing company. One of the content areas discussed in the program was the purpose and principles of the appraisal system. The result was that managers no longer thought of the annual performance appraisal as an inconvenient ritual.<sup>72</sup> Additionally, Allinson reports that appraisers as well as appraisees recognized the appraisal



system as a means for helping them to develop their organizational roles.<sup>73</sup>

Training is crucial to effective implementation of the system in the organization. It is the responsibility of appraisers to conduct appraisals that are beneficial to employees and ultimately the organization. Training programs can offer appraisers an indepth look into their role, the responsibilities to appraisees in giving accurate ratings of performance, preparing topics for the feedback interview, and communicating information that will help their subordinates walk away with a better notion of what they need to do in order to improve performance and achieve the objectives and goals set at the interview.

Decotiis and Petit hypothesize that when the sources and implications of errors in ratings are illustrated, and appraisers are thoroughly familiarized with the appraisal instrument, appraisers have a higher ability to assign accurate performance ratings than untrained appraisers.<sup>74</sup> Further, Allinson reports that after training in planning specific objectives for the interview, appraisers improved in defining objectives and had become more aware of the need to specify and clarify their objectives before commencing the interview.<sup>75</sup>

When assuming a coaching role, particularly in the feedback interview, an appraiser is responsible for establishing a participative climate for the appraisee, and offering information and suggestions when necessary. Zwacki and Taylor conducted a field experiment which measured the appraisers' abilities in goal setting and the giving

and receiving of feedback after training. This group was compared to a control group receiving no training in these areas. The results indicated that after instruction in defining the role of the appraiser, the objectives for the feedback session, and receiving practice in communication skills; supervisors allowed for more participation from subordinates in setting performance goals. Subordinates also believed they were receiving feedback that contributed to their personal growth and development.<sup>76</sup>

One of the more effective techniques for developing feedback skills in training is the role playing technique where participants enact the role of either the appraiser or appraisee in hypothetical interviews. Participants are given the opportunity to practice personal interactions and interviewing skills. Use of video tapes offer appraisers a chance to observe desirable interviewing skills and techniques in communicating negative as well as positive feedback to appraisees.

The majority of training programs focus on interviewing skills. However, another important aspect of the interview are the psychological aspects present. Thompson and Dalton state:

The performance appraisal touches on one of the most emotionally charged activities in business life--the assessment of a man's contribution and ability. The signals he receives about this assessment have a strong impact on his self-esteem...<sup>77</sup>

Appraisers must be aware of the fact that appraisees hold certain beliefs about themselves and have the need to preserve those perceptions. Colby and Wallace maintain that when confronted with an evaluation inconsistent with the self-image, an appraisee often chooses

to preserve the self-image by defending against the appraisal through the invocation of defense mechanisms.<sup>78</sup> In order to handle this situation without inducing added threat, appraisers require skill in recognizing and handling these defensive behaviors. A training program can offer appraisers instruction in impression formation, specifically with self concept and self esteem, and its impact on performance and appraisal of performance.

When designing a training program, it is necessary to determine its specific content areas according to the needs and skills of the appraisers. Given the number and content areas to be included in the program, enough time should be allotted to deal with each one thoroughly. Lopez states, "Even the more progressive organizations allow little more than six training hours for this task; the most spend only two hours, which upon reflection, is as sensible as asking a student to learn to play a good game of chess in the same time."<sup>79</sup>

Training provides continuous learning experiences for appraisers. As the nature of the appraisal is considered to be dynamic, so training acts as a stabilizer to incorporate it as a necessary means of communication between superiors and subordinates. Directing people is accomplished through a maintenance of satisfactory working relationships between supervisors and subordinate managers, and a facilitation of employee development in daily worklife. A training program for appraisers can help individuals acknowledge these managerial responsibilities.

ENDNOTES

<sup>1</sup>E. Allen Slusher, "A Systems Look at Performance Appraisal," Personnel Journal, 54, No. 2 (1975), 115.

<sup>2</sup>Ibid, p. 116.

<sup>3</sup>Ibid, p. 116.

<sup>4</sup>Ibid, p. 117.

<sup>5</sup>Felix M. Lopez, Evaluating Employee Performance (Chicago: Public Personnel Association, 1968), p. 47.

<sup>6</sup>Robert J. Hayden, "Performance Appraisal: A Better Way," Personnel Journal, 52, No. 7 (1973), 607.

<sup>7</sup>Slusher, p. 117

<sup>8</sup>Hayden, pp. 607-608.

<sup>9</sup>Slusher, p. 118.

<sup>10</sup>Robert I. Lazer and Walter S. Wikstrom, "Appraising Managerial Performance: Current Practices and Future Directions," Conference Board Report Number 723 (New York: The Conference Board, Inc., 1977), p. 17.

<sup>11</sup>William J. Kearney, "Performance Appraisal: Which Way To Go?" MSU Business Topics, 25, No. 1 (1977), 59.

<sup>12</sup>Ibid, p. 59.

<sup>13</sup>Ibid, p. 59.

<sup>14</sup>Ibid, p. 60.

<sup>15</sup>L. L. Cummings, "A Field Experimental Study of the Effects of Two Performance Appraisal Systems," Personnel Psychology, 26 (1973), 489,490.

<sup>16</sup>Kearney, p. 60.

<sup>17</sup>Ibid, p. 60.

<sup>18</sup>Winston Oberg, "Making Performance Appraisal Relevant," Harvard Business Review, 52 (1972), 66,

<sup>19</sup>Marion G. Haynes, "Developing An Appraisal Program," Personnel Journal, 57, No. 1 (1978), 18.

<sup>20</sup>Kearney, p. 61.

<sup>21</sup>Ibid, p. 61.

<sup>22</sup>Paul H. Thompson and Gene W. Dalton, "Performance Appraisal: Managers Beware," Harvard Business Review, 48 (1970), 56.

<sup>23</sup>Kearney, p. 61.

<sup>24</sup>Oberg, p. 66.

<sup>25</sup>Ibid, p. 64.

<sup>26</sup>Ibid, p. 63.

<sup>27</sup>Alan H. Locher and Kenneth S. Teel, "Performance Appraisal-- A Survey of Current Practices," Personnel Journal, 56, No. 5 (1977), 245.

<sup>28</sup>Oberg, p. 67.

<sup>29</sup>Ibid, p. 67.

<sup>30</sup>Hubert S. Feild and William H. Holley, "Performance Appraisal-- An Analysis of State Wide Practices," Public Personnel Management, 4 (1975), 147.

<sup>31</sup>Ibid, p. 147.

<sup>32</sup>Ibid, p. 149.

<sup>33</sup>Lazer and Wikstrom, p. 86.

<sup>34</sup>John D. Colby and Ronald L. Wallace, "Performance Appraisal: Help or Hinderance to Employee Productivity?" Personnel Administrator, 20, No. 6 (1975), 38.

<sup>35</sup>Harry Levinson, "Appraisal of What Performance?" Harvard Business Review, 54 (1976), 33.

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<sup>38</sup>C. W. Allinson, "Training in Performance Appraisal Interviewing: An Evaluation Study," Journal of Management Studies, 14, No. 2 (1977), 188.

<sup>39</sup>Stanley Sloan and Alton C. Johnson, "New Context of Personnel Appraisal," Harvard Business Review, 46 (1968), 17.

<sup>40</sup>Locher and Teel, p. 247.

<sup>41</sup>Rohrer, Hibler, and Replogle, Managers For Tomorrow (New York: The American Library, Inc., 1965), p. 174.

<sup>42</sup>Don Hellriegel and John W. Slocum, Organizational Behavior and Contingency Views (New York: West Publishing Company, 1976), p. 272.

<sup>43</sup>Ibid, p. 277.

<sup>44</sup>Roher, Hibler, and Replogle, p. 127.

<sup>45</sup>M. R. Williams, Performance Appraisal in Management (London: Heineman, Inc., 1972), p. 148.

<sup>46</sup>Colby and Wallace, p. 39.

<sup>47</sup>Phillip R. Kelly, "Reappraisal of Appraisals," Harvard Business Review, 36 (1958), 65.

<sup>48</sup>Locher and Teel, p. 247.

<sup>49</sup>Haynes, p. 15.

<sup>50</sup>Thomas Decotiis and Andre Petit, "The Performance Process: A Model and Some Testable Propositions," Academy of Management Review, 3, No. 3 (1978), 636.

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<sup>52</sup>*Ibid*, p. 36.

<sup>53</sup>Lazer and Wikstrom, p. 5.

<sup>54</sup>*Ibid*, p. 84.

<sup>55</sup>*Ibid*, p. 84.

<sup>56</sup>*Ibid*, p. 85.

<sup>57</sup>For additional information regarding the strengths and weaknesses of the reliability techniques, see Robert I. Lazer and Walter S. Wikstrom, Appraising Managerial Performance: Current Practices and Future Directions, Conference Board Report Number 723, (New York: The Conference Board, Inc., 1977), pp. 85-86.

<sup>58</sup>*Ibid*, p. 86.

<sup>59</sup>*Ibid*, p. 86.

<sup>60</sup>David B. Spohn and Cal W. Downs, "Case Study of An Appraisal System in an Airline," Paper presented at the meeting of the Academy of Management, Kansas City, August 1976.

<sup>61</sup>Lopez, pp. 147-148.

<sup>62</sup>Diedre Gill, "Towards a More Open Performance Appraisal," Personnel Management, 9, No. 2 (1977), 37.

<sup>63</sup>James C. Robinson and Linda E. Robinson, "Modeling Techniques Applied to Performance Feedback and Appraisal," Training and Development Journal, (1978), p. 2.

<sup>64</sup>Locher and Teel, p. 254.

<sup>65</sup>Feild and Holley, p. 149.

<sup>66</sup>Spohn and Downs.

<sup>67</sup>Robinson and Robinson, p. 2.

<sup>68</sup>Decotiis and Petit, p. 638.

<sup>69</sup>Ibid, p. 638.

<sup>70</sup>Oberg, p. 62

<sup>71</sup>Locher and Teel, p. 254.

<sup>72</sup>Allinson, p. 189.

<sup>73</sup>Ibid, p. 189.

<sup>74</sup>Decotiis and Petit, p. 641.

<sup>75</sup>Allinson, p. 188.

<sup>76</sup>Robert L. Taylor and Robert A. Zwacki, "Collaborative Goal Setting in Performance Appraisal: A Field Experiment," Public Personnel Management, 7, No. 3 (1978), 169.

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### CHAPTER III

#### METHODOLOGY

This research was based on a questionnaire distributed to a selected sample of business and industrial companies in the United States.

##### THE SAMPLE SURVEY

A list of the top 250 largest industrial corporations was obtained from the May, 1978 issue, of Fortune magazine. A second list including organizational and individual members of the American Society for Training and Development (ASTD) was obtained from the 1977 ASTD membership directory. Members of this organization include individuals who are involved in designing and/or executing management development training programs for industrial, business, government, and service organizations. Cross referencing the two lists showed that 200 of the 250 largest industrial corporations were members of the ASTD.

A list of the 50 largest retailing companies of the United States was obtained from the May, 1978, issue of Fortune magazine. The decision to incorporate retailing companies in the survey sample was made from academic and professional interests concerning training in this area. Cross referencing identified 33 of the 50 largest retailing companies as members of the ASTD. This cross referenced list constituted the second portion of the survey sample.

Thus, the survey sample consisted of 233 organizations from the 250 largest industrial corporations and the 50 largest retailing companies in the United States.

#### QUESTIONNAIRE CONSTRUCTION

A questionnaire was developed to acquire information regarding the major purposes for conducting management performance appraisals (procedures and formats), the perceived strengths and weaknesses of the systems, and the importance of training programs for appraisers. The purpose was to present a comprehensive survey that would provide a detailed description of the functions of the appraisal system, along with the insights of training personnel as to the ways in which a training program for appraisers may or may not affect the overall functioning of the performance appraisal system.

The questionnaire was organized under the following categories:

- 1) general data; 2) performance appraisal review; 3) performance appraisal procedures and format; 4) the feedback interview; and
- 5) training in conducting appraisal reviews.

#### GENERAL DATA

The first of the five sections of the questionnaire, General Data, asked for demographic information pertaining to the location of the company and the respondent's position held in the organization. This information provided easy reference to individual organizations and names for future contact.

The remaining questions in this section determined if the company offers an appraisal review for its managers, the number of times

a year the appraisal review is conducted, and the respondent's role as an appraiser, an appraisee, or both. This last item was of great importance, since it was viewed that those respondents who act as both an appraiser and appraisee would offer a more balanced perspective of the company's appraisal system.

1. Name (optional) \_\_\_\_\_ Position \_\_\_\_\_
2. Company \_\_\_\_\_
3. Does your company have a performance appraisal review for managers?    ☐ yes    ☐ no
  - a) If no, why not? \_\_\_\_\_
4. How often is the appraisal review conducted?
 

☐ quarterly    ☐ semi-annually    ☐ annually
5. Check the appropriate blank(s).
 

<input type="checkbox"/> I conduct performance appraisals.	<input type="checkbox"/> I receive an appraisal from my supervisor.
---	--

#### PERFORMANCE APPRAISAL REVIEW

Section II, the Performance Appraisal Review, asked for information about appraisal methods, the major purposes for conducting formal appraisals, and the major strengths and weaknesses of the overall program.

In order to investigate the major purposes for conducting formal appraisals, respondents were requested to rank in order of importance a list of seven stated purposes. This rank order indicated whether the emphasis of purpose was in appraising work performance from a judgmental or developmental perspective, or to what degree emphasis was placed on both. The question yielded additional information about the emphasis that is placed on the appraisal

system's orientation to either past, present, or future performance. Another question was posed to discover the degree to which the system's format and procedures are perceived as achieving the purposes for appraising performance.

In order to identify the major strengths and weaknesses of the appraisal program, respondents were asked two open-ended questions. In order to determine how companies measure the effectiveness of the overall functioning of their appraisal program, respondents first indicated if their program was evaluated officially. The phrase "evaluated officially" implies evaluation by top management, outside or in-company consultants, or the designers of the program, by means of measuring instruments such as questionnaires or interviews. Secondly, space was provided to offer either an explanation as to why the program has not been evaluated or a description as to how the program is evaluated.

1. Check the primary appraisal technique(s) used in your program.

\_\_\_\_\_ ESSAY APPRAISAL: open-ended responses regarding the employee's good and bad points, potential, and training needs.

\_\_\_\_\_ CRITICAL INCIDENT: recording of specific instances of good and/or poor performance.

\_\_\_\_\_ GRAPHIC RATING: appraiser checks the level of employee's performance in each category according to ranges of performance, qualities, characteristics.

\_\_\_\_\_ FORCED-CHOICE RATING: appraiser chooses between pairs of equally positive or negative statements.

\_\_\_\_\_ CHECKLISTS: appraiser checks specific listed statements which accurately describe performance.

\_\_\_\_ ALTERNATION RANKING: appraiser lists the people in the group to be ranked. The highest ranked person is selected, then the lowest ranked. Names are removed from the list and the procedure is repeated until everyone is ranked.

\_\_\_\_ PAIRED COMPARISON RANKING: a group of employees to be evaluated are all paired so that each person is paired with everyone else. The appraiser judges all pairs marking the better of the two. The person with the most marks is placed at the top of the list; the least at the bottom.

\_\_\_\_ MANAGEMENT BY OBJECTIVES: employee's performance is evaluated according to previously set objectives and goals.

\_\_\_\_ Other \_\_\_\_\_

2. Check the main purpose(s) for conducting formal appraisals in your company. If you check more than one, rank the purposes in order of their importance; 1 being the most important, and so on.

\_\_\_\_ assess training and development needs

\_\_\_\_ help improve current performance

\_\_\_\_ set performance objectives

\_\_\_\_ assess increases or new levels of salary

\_\_\_\_ assess potential/promotability

\_\_\_\_ assess past performance

\_\_\_\_ assist in career planning decisions

\_\_\_\_ other \_\_\_\_\_

3. How well does your current appraisal program fulfill its intended purpose(s)? (Check one blank)

Unsatisfactory \_\_\_\_\_ Satisfactory

4. What are the major strengths of your appraisal program?

\_\_\_\_\_  
\_\_\_\_\_

5. What are its major weaknesses or problems? \_\_\_\_\_

6. Has the overall effectiveness of your appraisal program  
been evaluated officially? \_\_\_\_yes \_\_\_\_no

How? (if yes) Why not? (if no) \_\_\_\_\_

#### PERFORMANCE APPRAISAL PROCEDURES AND FORMAT

The questions concerning the appraisal system's procedures focused on self-appraisal by the appraisee, the setting of performance goals, challenging an appraisal that the appraisee perceived to be inaccurate, determination of the final rating or ranking of the employee's performance, the utilization of information obtained from the appraisal for career development purposes, and lastly, the manner in which the information of the appraisee's performance review is stored and used for future reference.

The issues that were covered by questions concerning the format of the appraisal review centered on the levels of management personnel who receive a formal appraisal, the appraisal forms that are used for each level of management that is appraised, and the areas of performance that are evaluated.

The levels of management formally appraised were considered important in relation to information regarding the same appraisal review form being used to appraise each level of management.

Securing information in the areas of performance that are most widely evaluated in appraisal reviews was accomplished through the

question requesting respondents to indicate, from a list of thirteen factors, specific managerial skills that are viewed important in directing people and fulfilling task responsibilities.

One of the principal objectives for obtaining information on those specified areas of appraisal procedures was to discover the degree to which the appraisee participates in the appraisal review. This objective was met through the questions focusing on the appraisee's self-review of performance, the appraisee acting as an appraiser in evaluating the performance of his or her supervisor, participation in goal setting procedures, and the determination of the appraisee's final rating or ranking of performance.

Questions 8 and 9 were intended to provide insight into the dynamic nature of the appraisal system. The issue of career development was examined as one area of development that might possibly be a goal of the company's appraisal system. Additionally, respondents were requested to specify the uses of information written in the appraisal review form to discover it is used as a base for determining training needs, promotion, potential, or salary increases.

Although question 10 did not apply specifically to procedures and format, it was essential to acknowledge certain problems that occur with the appraisal system, and in the act of appraising. The list of problems provided in this question focused mainly on appraiser's skills and attitudes that would preclude the appraiser from conducting a meaningful performance evaluation as well as an accurate assessment of the appraisee's skills, potential, and development and training needs. Two of the stated problems referred to the appraisal system itself.

1. The following classes of personnel are formally appraised by this system. Check the appropriate blank(s).

\_\_\_\_top management                      \_\_\_\_lower levels of management  
 \_\_\_\_middle management

2. Is the same appraisal review used for each level of management? \_\_\_\_yes      \_\_\_\_no

3. Does your company allow for the following?

a) self review of performance by the subordinate?

\_\_\_\_yes      \_\_\_\_no

b) appraisee evaluation of his/her superior?

\_\_\_\_yes      \_\_\_\_no

4. Who sets the performance goals for the appraisee?

\_\_\_\_appraisee's supervisor      \_\_\_\_appraisee      \_\_\_\_joint effort

5. Check the following factors that are evaluated.

____quality of work	____teamwork
____quantity of work	____innovation
____goal setting	____motivation
____interpersonal communication skills	____job knowledge
____potential for development	____judgment
____personality characteristics	____organization & planning
	____leadership ability

6. What procedure is used if subordinates wish to challenge appraisals that their supervisors have given? \_\_\_\_\_

7. What procedure is used to determine the final rating or ranking of the employee? (Example: average score of all ratings by supervisors; negotiated rating by supervisor and subordinate.)

\_\_\_\_\_  
 \_\_\_\_\_



8. How extensively is the information obtained by the appraiser utilized for career development purposes?

Extensively \_\_\_\_\_ Not at all \_\_\_\_\_

9. What is done with results of the appraisal? \_\_\_\_\_

10. Indicate the specific problems that are encountered with your appraisal program.

_____ appraiser ill-prepared for conducting performance reviews	_____ inflated ratings
_____ appraisee unaware of job criteria to be evaluated	_____ appraiser bias
_____ appraisers view the per- formance review as an obligation	_____ time pressure
	_____ excessive amount of paperwork

#### THE FEEDBACK INTERVIEW

Section IV, the Feedback Interview, is that portion of the appraisal review which investigates the two-way communication aspect of the appraisal system. The amount of communication taking place between the appraiser and the appraisee, the topics for discussion, and the amount of feedback offered in the interview were the main issues of concern in this section of the questionnaire.

Topics of discussion in the interview were narrowed to past performance, job description, and future goals. The question sought information regarding which of these three areas was given the most coverage. Using past performance as a basis for discussion implies judgment, while future goals suggest that the interview is oriented toward plans for developing potential and/or assessing training needs for improving performance. Performance discussed from the manager's



## TRAINING IN CONDUCTING APPRAISAL REVIEWS

The last section of the questionnaire was divided into two parts. The first part was designed for those companies not offering a training program for appraisers; the second part for companies who did offer training.

Part A asked two questions: 1) to secure reasons for the absence of a training program for appraisers; and 2) to discover whether the perceived training for appraisers plays an important role in the functioning of the appraisal system.

Part B concentrated on obtaining information pertaining to the general scope of the training programs. Items included its duration, the subject areas presented in the program, problems that are encountered with the training program, and the specific ways in which the training programs affect the overall functioning of the appraisal system.

The questions sought to secure information about the design of the training programs with respect to their orientation toward various aspects of the appraisal program, such as the feedback interview, goal setting procedures, assessing and/or measuring performance, the communication element underlying the appraisal program, or the understanding of the mechanics and objectives of the company's appraisal system. Further, specific attention was given to the subject areas in relation to the time allotted for the training program.

Respondents' insights into the specific ways the training program affected the overall functioning of the appraisal system once again reinforced the notion of its importance or non-importance,

Check the method of communication used for informing appraisers of the purposes and goals of your company's appraisal program, and the procedures to follow when formally appraising performance.

no training

individual training

manual

group training/seminar

           written instructions  
in appraisal form

other

A. If your company DOES NOT offer a training program for appraisers, please indicate the primary reasons.

financially non-feasible

\_\_\_\_\_ appraisal techniques  
used in the program  
require little training

low priority in company

subsumed under other training

           no person has initiated  
training in this area

no instructor available

\_\_\_\_\_ appraisers' performance is  
satisfactory

other

1. The need for a training program for appraisers in my company is:

Not important                      Important

a) WHY? \_\_\_\_\_

B. If a training program IS presently being offered in your company, please complete the following:

1. Is the attendance for the training program voluntary or compulsory for appraisers? voluntary compulsory

2. If attendance is voluntary for your company's training program, estimate the approximate percentage of appraisers that attend. %

3. What is the duration of the training program?

\_\_\_\_2-4 hours    \_\_\_\_one day    \_\_\_\_2-3 days    \_\_\_\_4-5 days    \_\_\_\_other

## 4. What are the subject areas included in the training program?

- |  |   |
|--|---|
| <input type="checkbox"/> interviewing techniques                                     | <input type="checkbox"/> interpersonal communication skills                           |
| <input type="checkbox"/> how to ask questions  | <input type="checkbox"/> attitudes in interpersonal communication                     |
| <input type="checkbox"/> how to measure or assess particular performance information | <input type="checkbox"/> methods and terminology of the company's appraisal program   |
| <input type="checkbox"/> making physical arrangements for an interview               | <input type="checkbox"/> philosophy and objectives of the company's appraisal program |
| <input type="checkbox"/> motivation  | <input type="checkbox"/> other _____  |
| <input type="checkbox"/> impression formation  |   |
| <input type="checkbox"/> goal setting  |   |

## 5. What specific problems, if any, have been encountered with this training program? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## 6. In what specific ways has this training program affected the overall appraisal program? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## DISTRIBUTION OF THE QUESTIONNAIRE

Questionnaires were sent to individuals belonging to the ASTD who were employed with the top 250 largest industrial corporations and top 50 retailing companies of the Fortune 500. The questionnaires were intended to reach the personnel director or director of management development training and education. When these positions were not listed, a questionnaire was mailed to a training specialist in management development or a member at the organization's headquarters.

Each questionnaire was accompanied by a cover letter explaining the nature and purpose of the study. The letter was prepared on letterhead stationery of the University of Kansas Communication Research Center. The envelopes were sent by first class mail with a self-addressed stamped return envelope. A sample copy of the letter is enclosed as Appendix B.

Sixty follow-up reminders were mailed as postcards to the organizations not having returned their completed questionnaires. Six organizations responded to the follow-up postcards.

#### FORMS OF ANALYSIS

All responses were coded and analyzed by the same researcher in a systematic effort to achieve maximum uniformity of interpretation and evaluation. An analysis form was constructed for each question in the survey, and its structure was determined by the nature of the question and the type of classification that would most concisely and clearly record the information received. The questions requiring that responses be checked were tabulated and recorded in terms of frequency percentages. Items contained in the close-ended questions were correlated with one another to investigate possible significant relationships between them.

Information received from open-ended questions were first listed individually by response and then classified and quantified through content analysis. A reliability check, performed by a fellow graduate student on all 393 open-ended responses, obtained a .99 reliability coefficient. Additional information provided by organizations about their appraisal systems was examined and incorporated where applicable.

## CHAPTER IV

### RESULTS AND ANALYSIS

Responses were received from 67 companies, or 28.76% of the total sample. Of the 200 industrial corporations surveyed, 52 or 26% responded, while only 6 or 18.18% of the 33 retailing companies responded. Seven completed questionnaires were received with no indication of the name of the organization. Therefore, it was impossible to discern if the organization was a retailing company or an industrial corporation. From the total 67 responses that were received, two respondents returned their questionnaires without completing them, but requested the survey results. One respondent's questionnaire was not completed in its entirety, while two others filled out the questionnaire indicating their responses corresponded to an appraisal system that was undergoing revision at the beginning of 1979. The total number comprising the survey results was 64 organizations.

#### CONDUCTING THE FORMAL APPRAISAL

From the 64 questionnaires, organizations indicated the number of times per year the formal appraisal was conducted, as presented in Table 1.

TABLE 1  
NUMBER OF TIMES THE FORMAL APPRAISAL IS CONDUCTED

N=63	
<u>Number of Times</u>	<u>Number of Responses</u>
Annually	58
Semi-annually	4
Quarterly	1

The results show that the majority of the organizations maintain formal appraisal reviews on a yearly basis. One company indicated that the appraisal is conducted at least annually, but varies according to the division of the corporation. Another organization indicated an annual formal appraisal is conducted and supplemented by quarterly reviews. This appraisal procedure illustrates the use of the appraisal system on a continuous basis, which once again emphasizes the dynamic role the appraisal system plays in managing the human resource system.

Table 2 presents the number of respondents acting in the role of the appraiser, appraisee, or both.

TABLE 2  
RESPONDENT'S ROLE IN THE FORMAL APPRAISAL

N=59	
<u>Role</u>	<u>Number of Responses</u>
Appraiser	1
Appraisee	16
Both	42



The majority of respondents indicated that they conducted and received formal performance appraisals. One of the five respondents indicated that he only developed the company's appraisal system.

Table 3 shows the number and percentage of the companies utilizing the following appraisal methods.

TABLE 3  
APPRAISAL METHODS USED FOR APPRAISING PERFORMANCE

<u>Techniques</u>	<u>Number of Companies</u>	<u>Percentage</u>
MBO	45	71.4%
Essay	29	46%
Graphic	25	39.7%
Critical Incident	13	20.6%
Checklists	10	15.9%
Alternation Ranking	4	6.3%
Forced-choice	1	1.6%
Paired Comparison Ranking	0	0%

The table shows that Management by Objectives (MBO) is the most widely utilized appraisal method followed by the essay appraisal and the graphic rating scale. This frequency count exhibits the organizations' practices in appraising performance results. The popular use of the graphic rating scale points to the organizations' appraisal of performance behaviors, provided the scales correspond to listed behaviors on the appraisal form.

Three respondents supplied additional information of their

appraisal methods that were not listed on the questionnaire. One respondent commented that the appraisal system's graphic rating scale is unique in that only ten of the twenty-five factors listed on the appraisal form are used for a given job. All persons holding the same job are rated on the same factors, and each type of job has a different set of factors. It appears from the respondent's comments that this appraisal technique is one way of securing the validity of the appraisal form in producing accurate information when relating specific performance factors to specific jobs.

Another respondent noted that along with using a combination of the critical incident, graphic rating scale, and essay methods; the performance ranking for compensation is accomplished through a forced distribution of the appraised population divided into four equally distributed groups. Another respondent added that the appraisal form contains a series of elements that are assigned scores, and those elements are then scored to produce seven dimensional scores and an overall score. This information, however, offered no indication of whether these "elements" focused on job behaviors, performance results, or personality traits.

As discussed in Chapter II, it is often desirable to combine appraisal methods in order to adequately fulfill the appraisal system's specific objectives and obtain adequate information of the individual's performance. Table 4 presents the single method used, and the combination of appraisal methods used by 32 of the 63 organizations.

TABLE 4  
COMBINATION OF APPRAISAL METHODS

<u>N=63</u>	
<u>Single Method Used</u>	<u>Number of Companies</u>
MBO	14
Essay	3
Graphic Rating Scale	2
Critical Incident	2
Checklists	2
Forced-choice	1
<u>Combination of Methods Used with MBO</u>	<u>Number of Companies</u>
Essay	7
Graphic Rating Scale	5
Essay, Graphic	5
Essay, Critical Incident	3
Graphic, Checklists	3
Graphic, Critical Incident	2
Graphic, Critical Incident, Essay	2
Essay, Checklists	1
Critical Incident	1
Checklists, Alternation Ranking	1
Essay, Graphic, Alternation Ranking	1
Essay, Graphic, Critical Incident, Alternation Ranking	1
<u>Other Combinations</u>	<u>Number of Companies</u>
Essay, Graphic	2
Essay, Critical Incident	1
Essay, Critical Incident, Graphic	1
Essay, Critical Incident, Checklists	1
Essay, Checklists, Alternation Ranking	1
Checklists, Graphic	1

The first section of this table presents the number of companies using a single appraisal method. Once again, MBO outranked the other five methods listed in the table, which implies that more of the organizations are concerned with performance as the outcomes of actions rather than the actions producing the outcomes.

The next four appraisal methods apply to performance behaviors with possible reference to performance results using the essay or critical incident methods, depending upon the appraisal system's perspective toward obtaining certain types of information from appraising performance. The forced-choice method is the only method used in one appraisal system, indicating that the appraisal only fulfills judgmental purposes.

The second section of the table presents the appraisal methods combined with MBO. The last section of the table concerns the various combinations of methods. Only one company combines the alternation ranking with two other methods.

Table 5 presents the number of respondents indicating the purposes of their appraisal systems, and the rank order of their importance. The mean is indicated for each purpose. The purposes are listed according to their order of mean rankings (low, e.g., 2.23, is the highest).

TABLE 5

## PURPOSES OF THE APPRAISAL SYSTEM ACCORDING TO IMPORTANCE

Purpose	Number of Responses	Mean	Ranked No. 1	Ranked No. 2	Ranked No. 3	Ranked No. 4	Ranked No. 5	Ranked No. 6	Ranked No. 7	Order of Ranking
Improve Current Performance	52	2.23	16	19	8	7	2	0	0	1
Assess Past Performance	46	2.32	17	10	5	9	3	1	1	2
Set Performance Objectives	32	3.06	6	8	4	10	1	2	1	3
Assess New Levels of Salary Increase	42	3.28	11	3	7	13	2	4	2	4
Assess Potential and Promotability	37	3.56	4	4	9	9	9	2	0	5
Assess Training/Development Needs	45	3.64	1	5	15	14	8	2	0	6
Assist in Career Planning Decisions	27	4.67	0	2	2	11	3	6	3	7

Appraising current and past performance are the major purposes for appraisal systems. Yet, the purpose of setting objectives follows the preceding purposes in importance, as current and past performance apparently forms the basis for setting future objectives.

Appraising for judgmental purposes for salary and promotion is more important than the developmental purposes, training and development needs, and career development.

Table 6 indicates the degree to which the purpose(s) of the appraisal is being fulfilled through its practices and procedures.

TABLE 6  
FULFILLMENT OF APPRAISAL PURPOSES

N=61		
<u>Fulfillment of Purpose</u>	<u>Number of Responses</u>	<u>Percentage</u>
Unsatisfactory	4	6.6%
Slightly Unsatisfactory	4	6.6%
Slightly Satisfactory	12	19.7%
Almost Satisfactory	25	41.0%
Satisfactory	16	26.2%

Excluding the three respondents offering no indication of the fulfillment of the system's purposes, 67.2% of the sample believe their appraisal systems almost satisfactorily or satisfactorily fulfill its intended purpose(s).

The following two tables present the open-ended responses regarding the major strengths and weaknesses cited in the organization's appraisal systems. Although a direct statistical corre-

lation was not derived, careful analysis indicates that the more strengths found with the system, the more the system satisfactorily fulfills its intended purpose(s). The opposite was cited for respondents finding very few strengths with the appraisal system and an unsatisfactory or slightly unsatisfactory fulfillment of intended purpose(s).

TABLE 7  
MAJOR STRENGTHS IN THE APPRAISAL SYSTEM

<u>Strength</u>	<u>Number of Responses</u>
Performance is based on objective rather than subjective measurements.	12
The system promotes two-way, open communication between superior and subordinate.	10
Appraisal design designates areas of performance that are pertinent to the appraisal purpose(s).	8
Appraisal system's presence and the act of appraising performance is viewed to be its only strength.	8
Appraisal procedures account for the effective implementation of the program.	6
Appraisal procedures account for the acknowledgment of the purpose of the system,	4
The system identifies the major orientations of the objective for appraisal.	4
System is supported by favorable attitudes of the personnel involved in the appraisal process.	3
Training appraisers is viewed as important.	2

The responses indicating the major strengths of the appraisal system are almost evenly distributed among its various aspects.

Twelve respondents recognized objective standards for measurement as the major strength of their appraisal systems. Responses specified that performance was appraised according to pre-established goals, standards and objectives.

Ten respondents viewed the appraisal system as a communication tool for superiors and subordinates and offered the following comments: 1) improves communication between superiors and subordinates; 2) increases communication; 3) offers two-way communication to take place; 4) creates a climate which allows for good, frank discussions of performance; and 5) the interaction of the supervisor and subordinate provides for increased teamwork.

Eleven respondents identified major strengths in the appraisal procedures and/or format that account for the acknowledgement and relatedness to the system's purposes for appraisal. These eleven responses were checked against the indications of the satisfactory fulfillment of the system's intended purpose(s). Nine of the eleven respondents marked almost satisfactory to satisfactory fulfillment of purpose.

Eight responses identified various aspects of implementation as a strength, such as timely and systematic appraisals, superiors and subordinates receiving an interview guide allowing for ample preparation time, appraisers required attendance at the training program reviewing performance appraisal, and the justification of the appraisal by the supervisor and a committee of top management.

Eight responses indicated the systems' strengths to be their presence in the organization. Four of those responses characterized it as a forceable means by which to evaluate and discuss a



subordinate's performance. Two of the responses referred to its presence as a mandatory exercise established by corporate policy or the C.E.O.

Three responses indicated favorable attitudes in recognizing the system as the key to business and personal objectives, a planning tool, and a high acceptance by superiors and subordinates.

The major orientations of the objectives for appraisal identified by the appraisal system were listed as: 1) results and goal oriented; 2) emphasis on setting the individual's objectives; and 3) the objectives more employee-centered.

TABLE 8  
MAJOR WEAKNESSES IN THE APPRAISAL SYSTEM

<u>Weakness</u>	<u>Number of Responses</u>
Appraisers' skills in appraising are underdeveloped.	13
Appraisers hold negative attitudes toward appraising and the appraisal system.	13
There is a lack of uniformity in the system's interpretation and application.	6
Appraisal measurements induce subjectivity in ratings.	4
Inflexible appraisal forms make it difficult to obtain accurate and fair appraisals.	4
Appraisal design causes conflict between performance and salary review.	4
There is a negative attitude held toward the purpose of the system.	4
There is no training for appraisers.	4
The system causes time pressures.	2

The responses identifying the major weaknesses of the appraisal system are grouped under four general areas: 1) the attitudes held toward the appraisal system; 2) the appraisal design; 3) the appraisers' skills in appraising performance; and 4) the implementation of the appraisal program.

The largest number of responses are categorized under attitude. Sixteen responses indicated that the major weaknesses deal with negative attitudes held toward either the appraisal system, its purposes, or the act of appraising. Respondents expressed the weaknesses in reference to the appraisers' reluctance to appraise performance and conduct the feedback interview, while a few view the appraisal as an obligation. Other responses focused on the negative attitudes toward the purpose by identifying the system as time-consuming "gaming," a report card, meaningless recordkeeping, and a means to jockey for raises.

The appraisal design produced the second largest number of responses. Fourteen responses indicated the major weaknesses of the systems to be measurements inducing subjectivity in ratings, inflexible and vague appraisal forms, time pressures, and the conflict in tying performance to salary administration. In regard to subjectivity in ratings, responses indicated that the appraisals induce subjectivity because specific standards of performance have not been established, or the numerical evaluation of skills and performance were subjective. Respondents expressed the lack of well-designed appraisal forms, noting that the topics were too rigid, the graphic scales have inadequate anchors, and the rating

scales fail to discriminate between levels of performance.

The appraisal design was cited as causing conflict between performance and salary reviews. Respondents contended that performance related to salary administration contaminated the ratings, and that appraisers and appraisees have difficulty in keeping the appraisal discussion and salary review distinctly separate.

Thirteen responses identified the underdevelopment of appraisers' skills as major weaknesses. These thirteen responses can be categorized under three areas: 1) inability to set performance objectives and goals, and offering suggestions for improvement; 2) inability to measure performance against established objectives; and 3) difficulty in establishing two-way communication with the appraisee.

Weaknesses found in the implementation of the appraisal program generated nine responses that noted problems in various areas. Respondents indicated that a lack of uniformity in interpreting the forms exist, the difficulty in making certain the formal appraisal is conducted on a regular basis, and the lack of using the appraisal forms properly. A second set of weaknesses included in the category of implementation centered around the lack of training for appraisers. This weakness was described in terms of appraisers' needs in receiving proper instructions in utilizing the appraisal instrument, and giving feedback on performance.

The following sets of data concern the formal evaluation of the system, levels of management receiving a formal performance appraisal, and the same appraisal form used for each level of

management.

A formal evaluation of the functioning of the appraisal system secures its satisfactory incorporation into the organization. Of the 58 responses, 26 or 44.8% of the respondents indicated that their appraisal systems have been formally evaluated, while 32 or 55.2% have not. Respondents were requested either to describe the evaluation measures or to state the reasons why the system has not been evaluated. A total of 32 responses were offered. Twenty respondents identified evaluation measures which varied from systematic methods to a general approval by senior management. The following items summarize the evaluation measures indicated:

- 1) Discussion sessions with supervisors to pinpoint problem areas
- 2) Questionnaires, items analysis, and interviews
- 3) Task forces
- 4) Evaluation study comparing appraisals to the success of the employees over a five year period
- 5) Surveys among departments
- 6) Validation studies of appraisal forms; and measuring the effects of training on appraisal attitudes and accuracy of ratings
- 7) Measurement of ratings distributions
- 8) Comparison of individuals' ratings to department performance
- 9) Evaluation completed by the career development review process
- 10) Evaluation by outside consultants

All 64 respondents indicated the levels of management receiving a formal appraisal. Forty-one or 64.1% of the responses indicated that all three levels, top, middle, and lower management received a formal appraisal; 22 or 33.4% indicated only middle and lower management, while only one or 1.6% indicated top and middle management. The results show that the majority of companies do not exempt top management from performance appraisal.

Fifty-three respondents indicated that the same appraisal form was used for each level of management, and eleven answered that more than one form was used.

#### PROCEDURES AND FORMAT

Presented in tables 9, 10, and 11 is information regarding the subordinates' opportunity to participate in the appraisal process, specifically in the self-appraisal of performance, appraisal of his/her superior, and goal setting procedures.

TABLE 9  
SELF-APPRAISAL OF PERFORMANCE

N=63		
<u>Answer</u>	<u>Count</u>	<u>Percentage</u>
Yes	46	73%
No	17	27%

TABLE 10  
SUBORDINATE'S APPRAISAL OF THE SUPERIOR'S PERFORMANCE

N=61		
<u>Answer</u>	<u>Count</u>	<u>Percentage</u>
Yes	11	18%
No	50	82%

TABLE 11  
PERSON(S) SETTING THE PERFORMANCE GOALS

N=62		
<u>Person</u>	<u>Number of Companies</u>	<u>Percentage</u>
Appraiser	8	12.9%
Appraisee	0	0%
Joint effort	54	87.1%

The information contained in these three tables show that almost three-quarters of the companies allow subordinates to evaluate their performance, but less than one-fifth are given the opportunity to appraise their superiors' performance. The majority of companies conduct the goal setting procedures in a participative manner whereby performance goals are discussed and set by the appraiser and appraisee.

The evaluation factors appearing on appraisal forms are presented in Table 12 in order of their frequency.

TABLE 12  
PERFORMANCE FACTORS THAT ARE EVALUATED

N=59		
<u>Factor</u>	<u>Number of Companies</u>	<u>Percentage</u>
Quality of Work	55	93.2%
Quantity of Work	51	86.4%
Job Knowledge	43	72.9%
Interpersonal Communication Skills	37	62.7%
Organization and Planning	37	62.7%
Leadership Ability	36	61.0%
Goal Setting	33	55.9%
Judgment	33	55.9%
Potential for Development	31	52.5%
Teamwork	30	50.8%
Innovation	27	45.8%
Motivation	24	40.7%
Personality Characteristics	14	23.7%

The results show that 50.8% to 93.2% of the organizations evaluated performance according to ten of the thirteen factors listed, with the quality and quantity of work and job knowledge evaluated the most frequently. The three remaining factors that receive less attention in the evaluation of performance was innovation, motivation, and personality characteristics.

Table 13 and 14 present the open-ended responses to the procedures the subordinate may take in challenging appraisal decisions, and the procedures used to determine the final rating

or ranking of the subordinate's performance.

TABLE 13

## PROCEDURES TAKEN BY APPRAISEE IN CHALLENGING APPRAISAL DECISIONS

<u>Procedure</u>	<u>Number of Responses</u>
Appraisee may appeal to a higher level of management.	21
Appraisee states the challenge in the "remark section" of the appraisal form.	12
Appraisee discusses the challenge with the appraiser.	12
Appraisee appeals to the Personnel Administration department.	4
No procedure available.	10

All twenty-one respondents indicating an appeal to a higher level of management had not specified the manner in which the appeal is taken up, for instance, an informal meeting with high level managers, or a discussion where both the appraiser and appraisee are present. Further, there was no indication of whether the appeal is a verbal or written statement addressed to the higher level of management.

Responses centering around the written statement of the challenge appearing in the "remark section" of the appraisal form had not offered further information as to the personnel receiving and acting upon the challenge. Procedures where the appraisee discusses the challenge with the appraiser indicated open discussion and negotiation. One respondent indicated that a discussion would take place,



but the appraiser's evaluation would not change.

Appeals directed to the personnel department, as indicated by four responses, may be directed to a personnel job counselor, or through formal grievance procedures conducted by the personnel department.

TABLE 14  
PROCEDURES USED TO DETERMINE THE FINAL RATING OF THE APPRAISEE

<u>Procedure</u>	<u>Number of Responses</u>
Final rating is decided by the appraiser.	16
Final rating is discussed and approved by the appraiser's supervisor and higher levels of management.	15
The rating is negotiated between the superior and subordinate.	9
The final rating results are derived from an average of the score sum.	3

The responses indicating that the final rating is based solely on the decision of the appraiser offered additional information. One respondent noted that the appraiser establishes the rating in the presence of the appraisee while another indicated that the appraiser's judgment is based on continuous observation. At least one level, and in some instances, two levels of management offer input into the final appraisal.

Ten of the fifteen responses indicated that the appraiser's decision is concurrent with his/her supervisor. The remaining five responses focused on the involvement of two higher levels of manage-

ment for comments and approval.

One of the nine responses indicating a negotiated rating between superior and subordinate specified that a negotiation takes place if there is a difference in opinion. Three respondents reported the mathematical derivation of the final rating.

Table 15 presents the degree to which the appraisal information is utilized for career development purposes.

TABLE 15  
APPRAISAL INFORMATION USED FOR CAREER DEVELOPMENT

N=62		
<u>Use of Information</u>	<u>Number of Companies</u>	<u>Percentage</u>
No use	3	4.8%
Some use	16	25.8%
Adequate use	17	27.4%
More than adequate use	20	32.3%
Extensive use	6	9.7%

The results show that there is an equal distribution in the degrees to which the appraisal information is utilized for career development planning. All but 4.8% of the respondents indicated some degree of utilization, but on the other end of the scale, only 9.7% indicated extensive use.

Table 16 presents the responses identifying the procedures taken for the distribution and utilization of the appraisal results.

TABLE 16  
DISTRIBUTION AND UTILIZATION OF THE APPRAISAL RESULTS

<u>Use</u>	<u>Number of Responses</u>
Results are filed with various personnel.	32
Results are used for developmental needs.	15
Results are used for determination of salary.	9
Results are discussed between superior and subordinate.	7
Results are used for promotional decisions and assessment of potential.	5
Nothing is done with the results.	2

The table of responses can be divided into two categories, the distribution and utilization of results according to appraisal purposes.

In regard to the distribution of results, the responses identified various personnel receiving the appraisal results. Respondents indicated that the results are placed in the personnel file, the employee's file, or the supervisor's file on subordinates. One respondent noted that all three receive copies of the results, while another reported that the results are posted in the departmental organization charts and kept for review purposes.

In terms of the utilization of results for appraisal purposes, the appraisal results are utilized most widely for determining developmental needs. Responses specified developmental needs in terms of training and career development. Further, five respondents

noted that the development plan of the appraisal form is sent to the Human Resource Department and/or the Manpower and Development Department for analysis and action. However, there was no indication of the areas of development receiving attention from these departments. Related to development needs is one respondent's report that the results are reviewed on six month intervals to check the individual's performance progress.

Appraisal results assist in the determination of salary for nine of the companies and five companies use the results for promotional decisions and the assessment of potential.

Six respondents indicated that the results are discussed with the employee, and one noted that the results are used in the periodic coaching by supervisors.

#### PROBLEMS IN THE APPRAISAL SYSTEMS

Sixty-two respondents indicated the specific problems that are encountered with the functioning of their appraisal systems as presented in Table 17.

TABLE 17  
PROBLEMS ENCOUNTERED WITH THE APPRAISAL SYSTEM

N=62		
<u>Problem</u>	<u>Number of Companies</u>	<u>Percentage</u>
Appraisers are ill-prepared.	38	60.3%
Appraisers view appraisal as an obligation.	36	58.1%
Inflated ratings	34	54.8%
Time pressures	32	51.6%
Appraiser bias	23	37.1%
Appraisee unaware of performance criteria to be evaluated.	16	25.8%
Excessive paperwork	12	19.4%

The results are restricted to present only an indication that these problems exist. They do not reveal the degree to which these problems are major to affect the overall functioning of the appraisal system.

However, when categorizing the problems, the results show that the three most prevalent problems center around the skills and attitudes of the appraiser, while 51.6% of the respondents report that time pressures exist. These time pressures may be finding time to conduct feedback interviews, allowing enough time to accurately assess and rate performance on the appraisal, or allowing for enough preparation time to effectively conduct a formal appraisal.

Problems of excessive paperwork (the length of the appraisal form) and the appraisee's lack of information regarding the

performance criteria to be evaluated are not identified to occur frequently.

#### THE FEEDBACK INTERVIEW

Fifty-five of the sixty-two responses indicated the utilization of the feedback interview as part of the company's appraisal system.

Table 18 presents the areas discussed most frequently in the feedback interview. Tables 19 and 20 present the appraiser's approach taken when conducting the interview, and the percentage of time the appraisee participates in giving feedback during the interview.

TABLE 18  
AREAS EMPHASIZED IN THE FEEDBACK INTERVIEW

<u>Subject Area</u>	<u>Number of Responses</u>	<u>Mean</u>	<u>Ranked No. 1</u>	<u>Ranked No. 2</u>	<u>Ranked No. 3</u>	<u>Order of Ranking</u>
Past performance	61	1.21	50	9	2	1
Future goals	45	2.11	4	32	9	2
Job description	23	2.13	3	14	6	3

Table 18 presents the number of respondents indicating the subject areas emphasized during the feedback interview, and the rank order of their importance. The mean is indicated for each subject area. The areas are listed according to their order of mean rankings (low, e.g., 1.21 is highest).

According to the survey results, past performance receives the most emphasis in the feedback interview. Although the rationale for discussing past performance varies, one may assume that it is

used as a basis for comparison with current performance and expectations. Additionally, past performance can be used as a comparative measure for discussing future goals which is the second of the three areas. Although job description is the least emphasized, and in thirty-eight companies not at all discussed, it may be that the employee's job description is discussed prior to the formal appraisal, at the time of the employee's entry into the job, or a periodic review session. On the other hand, it may be that it is never discussed between superior and subordinate.

The directive approach taken in the feedback interview is described as the planning of specific topics to discuss between the appraiser and appraisee. The non-directive approach is an informal interview without planned topics for discussion. Table 19 presents the number of companies whose appraisers take either approach or both.

TABLE 19  
APPROACH TAKEN IN THE FEEDBACK INTERVIEW

N=52		
<u>Approach</u>	<u>Number of Companies</u>	<u>Percentage</u>
Directive	32	61.5%
Non-directive	13	25.0%
Both	7	13.5%

Rather than indicating the approach most often taken, seven respondents reported the topics that are planned and reviewed during the interview. The topics included standards, objectives,

the appraisee's self-appraisal of performance, and the performance criteria appearing on the appraisal form. An additional seven respondents indicated that appraisers are given the option to use either approach. Four respondents noted that the appraisee must also prepare the topics for discussion.

The percentage of the estimated time the appraisee offers feedback during the interview is presented in Table 20.

TABLE 20  
PERCENTAGE OF TIME THE APPRAISEE TALKS DURING THE INTERVIEW

N=44		
<u>Percentage of Time</u>	<u>Number of Companies</u>	<u>Percentage of Responses</u>
20%	7	15.9%
30%	8	18.2%
40%	2	4.5%
50%	18	40.9%
60%	7	15.9%
70%	2	4.5%

The majority of the 44 respondents indicated that appraisee talks approximately 50% of the interview time. When analyzing the extreme percentages of 20% and 30% with that of 40% and 50%, the number of responses are almost equally distributed.

Of the twenty respondents offering no indication, six reported they did not know, and eight indicated that it varies according to the superior's style, the subordinate, or the situation. Two respondents marked 70%, and expressed their hope that in actuality this figure was correct. One respondent noted that one of the major



concerns was the appraisee's limited participation in the feedback interview.

#### TRAINING IN CONDUCTING APPRAISAL REVIEWS

The communication channels used singly or in combination for informing appraisers of the philosophy and objectives of the appraisal system, and its procedures, appraisal methods, and terminology are presented in Table 21.

TABLE 21  
COMMUNICATION CHANNELS USED TO INFORM APPRAISERS  
OF THE APPRAISAL SYSTEM

N=64	
<u>Single Communication Channel</u>	<u>Number of Companies</u>
Group training	12
No training	6
Written instructions on appraisal form	4
Individual training	2
<u>Combination of Communication Channel</u>	<u>Number of Companies</u>
Written instructions, group training	12
Manual, written instructions, individual and group training	8
Manual, written instructions, group training	7
Written instruction, individual and group training	5
Manual, written instructions	4
Manual, written instructions	2
Manual, individual and group training	1
Individual and group training	1

Of the twenty-four responses using a single communication channel, fourteen indicated the utilization of group or individual training. Those four respondents indicating the use of only written instructions provided on the appraisal form are included among those companies not having a training program for appraisers.

Companies using a combination of communication channels employ group training supplemented by written instructions more than any of the other combined channels. The combination of two written forms of communication supplementing the two types of training is the second most frequently combined channels.

The two companies using a manual and written instructions are included with the companies not offering a training program for appraisers.

Thus, the total number of companies without training is twelve or 19% of the sample survey.

Table 22 presents the reasons why the twelve companies do not offer a training program for appraisers.

TABLE 22  
REASONS FOR NO TRAINING PROGRAM

N=12	
<u>Reason</u>	<u>Number of Responses</u>
Low priority in company	8
Subsumed under other training	2
No instructor available	1
No person has initiated training in this area	1
Appraisal techniques require little training	0
Appraisers' performance is satisfactory	0
Financially non-feasible	0

The major reason for eight of the twelve companies is the low priority in the company. Various hypotheses can be drawn from this result. The low priority might rest with the lack of commitment to the appraisal system, the appraisal process may be viewed as unimportant, the functioning of the appraisal system may be adequate, or training may not be viewed as essential in the area of appraisal.

Indications of the degree to which training for appraisers is perceived as important to the appraisal system is presented in Table 23. The responses presented in Table 23 are supplemented by presenting the specific reasons for the importance of training in Table 24.

TABLE 23

## THE IMPORTANCE OF A TRAINING PROGRAM FOR APPRAISERS

N=53		
<u>Degree of Importance</u>	<u>Number of Companies</u>	<u>Percentage</u>
Important	40	75.5%
Some importance	4	7.5%
Slight importance	4	7.5%
Little importance	2	3.8%
Not important	3	5.7%

TABLE 24

## REASONS FOR THE IMPORTANCE OF TRAINING APPRAISERS

<u>Reason</u>	<u>Number of Responses</u>
Training is important in developing appraisal skills.	15
Training is important to the appraiser's attitude toward appraising.	7
Training is important as a communication channel for informing appraisers of the system's objectives and mechanics.	5
Training is important in informing appraisers of the complexity of the appraisal task.	4
Training is important in providing a uniform understanding of the appraisal system.	4
Training is important in reinforcing the dynamic nature of the appraisal process.	2

Specific responses regarding training appraisers to develop their appraisal skills focused on the following: 1) appraisers' preparation; 2) interviewing techniques; 3) accuracy and objectivity in ratings; 4) coaching and motivating subordinates; 5) giving feedback; and 6) utilizing appraisal results. One respondent indicated that training is the key to appraisal knowledge.

The attitudes identified as being overcome through training were the appraiser's discomfort in appraising and the perception of the appraisal as an obligation and/or "a piece of paper rather than a managerial tool." One respondent viewed the training program as a means by which appraisers can be given support in their abilities to appraise.

Training has also been viewed as a means to clarify and define the purpose of the appraisal system, the mechanics of appraisal techniques and procedures, and the interpretation of evaluation criteria and rating scales. One respondent perceived training to stress the importance of complete and accurate data, while another viewed it as a means to assist appraisers in preparing to discuss the evaluation criteria with appraisees.

Respondents noted that training is needed for appraisers because of the complexity of the appraisal task. One respondent remarked, "The appraisal review is a crucial area of communication, where it touches personal needs and values, and can either stimulate or discourage the appraisee." The respondent viewed training for appraisers important to this notion.

Training was also viewed as the communication channel providing

a uniform understanding of the appraisal system. One respondent viewed training as important to insure common objectives, purposes, and consistent application across the corporation.

The respondents who contended that training is important in reinforcing the dynamic nature of the system commented that because the appraisal program requires continual education and reinforcement to achieve its desired results, training for appraisers is essential.

Additionally, one respondent noted that training can help appraisers spot the talent of their employees. At the present time, this respondent's company does not have a training program. She is quoted as saying, "We are underutilizing available talent. We don't spot it, and people are leaving us because they don't get considered for promotion. As a result, we have a great many content, mediocre long-timers."

#### COMPANIES OFFERING A TRAINING PROGRAM FOR APPRAISERS

Voluntary or compulsory attendance for the fifty-two companies offering the training program resulted in an almost even split, with twenty-one responses indicating voluntary attendance and twenty-three responses noting a compulsory attendance at the training program. Eleven companies did not respond.

The number and percentage of the companies indicating the duration periods of their training programs appear in Table 25.

TABLE 25  
DURATION OF THE TRAINING PROGRAM

N=48		
<u>Duration</u>	<u>Number of Companies</u>	<u>Percentage</u>
2-4 hours	15	25.0%
One day	20	33.3%
2-3 days	11	18.3%
4-5 days	2	3.3%

Thirty-five or 58.3% of the companies allot 2 to 4 hours or one day for this training. This percentage reflects the information discussed in Chapter II where organizations allow up to six hours for training, but the majority only spend two hours with the program.

Table 26 presents the number of companies including the following subject areas in their training programs.

TABLE 26  
SUBJECT AREAS COVERED IN THE TRAINING PROGRAM

<u>N=49</u>	
<u>Subject Area</u>	<u>Number of Companies</u>
Philosophy and objectives of appraisal system	42
Methods and terminology of appraisal system	40
Goal setting	39
Interviewing techniques	35
Interpersonal communication skills	34
How to measure performance information	31
How to ask questions	29
Making physical arrangements for the interview	21
Attitudes in interpersonal communication	21
Motivation	17
Impression formation	9

The areas most emphasized in the training programs are the philosophy, objectives, methods, and terminology of the company's appraisal system, along with goal setting and interviewing techniques.

The areas receiving the least amount of coverage are the psychological variables, that is, impression formation, attitudes in interpersonal communication, and motivation.

In addition to the subject areas listed on the questionnaire, respondents offered the following subject areas covered in their



training programs: 1) training/development planning; 2) communication styles; 3) setting standards; 4) understanding job expectations; 5) affirmative action/E.E.O. responsibilities; 6) appraisal as an integral part of managing; and 7) where a performance appraisal interview fails and how it succeeds.

The duration of the training program becomes important information when it is coupled with the number of subject areas presented and discussed in the training program. Table 27 presents the number of subject areas covered in each duration period.

TABLE 27  
SUBJECT AREAS INCLUDED IN THE SPECIFIC DURATION PERIODS

		DURATION			
		2-4 hours	One day	2-3 days	4-5 days
NUMBER OF SUBJECT AREAS COVERED	12	1	0	1	0
	11	2	2	0	0
	10	0	1	1	1
	9	0	1	0	0
	8	3	2	2	0
	7	2	5	2	1
	6	1	2	3	0
	5	2	0	0	0
	4	3	3	0	0
	3	0	3	0	0
	2	0	0	0	0
	1	1	0	0	0

It is interesting to note that more subject areas are included in a short time period than that of a program extended to two or more days. Although goal setting, instructions on how to ask questions, and to make physical arrangements for an interview can be incorporated under the subject of interviewing techniques, there still remains eight other areas, each containing a vast amount of information to be discussed and applied in training. Eight of the fifteen, 2 to 4 hour training programs, and eleven of the one day programs include seven or more subject areas.

The 2 to 4 hour training program limiting the number of subject areas to four or less cover the philosophy, objectives, methods and terminology of the appraisal system, goal setting, and either interpersonal communication skills, assessment of performance information, or interviewing techniques. The same holds true for a one day training program including four or less subject areas with the exception of one program which focuses only on interpersonal communication skills, interviewing techniques, and how to ask questions.

Identification of the specific problems encountered with the training programs are presented in Table 28.

TABLE 28  
PROBLEMS WITH THE TRAINING PROGRAM

<u>Problem</u>	<u>Number of Responses</u>
No problem	18
Managers have an indifferent attitude toward the training program.	7
Training programs face time and scheduling problems.	5
Subject areas of the training program do not all focus on the appraisal process.	3
Objectives of the training program are ill-defined.	2

In regard to the managers' indifferent attitudes toward training, the problem is faced by the training instructors who are said to have difficulty in getting managers to see the need for training in this area, helping their participants to change from traditional appraisal practices, and assisting them to overcome the natural tendency to come to grips with hard decisions. One respondent remarked that the training program is not supported by top management.

The second most frequent problem centers on the scheduling and duration of the training program. Respondents identified obstacles in reaching those people who need this training the most, the duration of the program is too short, and the lack of time to discuss the participants' specific problems faced in appraising.

The content areas covered in the training program have posed several problems for three companies. One respondent commented that

salary advice was tied to specific areas on appraising performance which caused dissention. A second respondent remarked that policy is mixed with discussing the appraisal process, and another noted that the focus of training needs to be centered more on appraising performance, but did not compare this desired focus with the present subject areas covered in the program.

Only two respondents commented on the lack of proper design and planning of the training program, specifically in basing the program on specific objectives and defining training techniques such as role playing.

Table 29 presents responses indicating the specific ways in which the training program has affected the overall functioning of the appraisal system.

TABLE 29  
EFFECTS OF THE TRAINING PROGRAM ON THE OVERALL FUNCTIONING  
OF THE APPRAISAL SYSTEM

<u>Effect</u>	<u>Number of Responses</u>
The training program is too new to assess its effectiveness at the present.	11
There is a more positive attitude toward appraisal.	10
The training program is a catalytic force in keeping the appraisal program active.	9
There is an improvement in the appraisers' rating skills.	6
The training clarifies the methods of appraising and the objectives of the system.	5
There is an improved quality in conducting feedback interviews.	4
There is an increased use of appraisals.	3
The training program is questionable as many complain it is not valuable.	1

The attitudes cited as improving are: 1) increased commitment to the appraisal system; 2) appraisal perceived to be a shared evaluation; 3) appraisers are more comfortable in conducting reviews; 4) appraisers are more confident to prepare and offer an honest appraisal; and 5) appraisers find the appraisal responsibility easier. Furthermore, appraisees have a better reception toward the system. One respondent remarked that there have been fewer complaints concerning the performance reviews.

The training program viewed as a catalytic force in keeping the appraisal system active generated responses regarding the training program as the key to the overall functioning of the system.

Concerning the improvement in rating skills, respondents indicated that the program helped to improve the reliability, consistency, and objectivity in ratings. Additionally, one respondent remarked that skills in goal setting have improved with training in this area.

In addition to the training program's assistance in clarifying objectives of the system and the methods of appraising, one respondent noted that the supervisors increase their awareness of the performance characteristics being appraised.

Respondents indicating an improved quality in conducting feedback interviews, perceived improved interpersonal communication between appraisers and appraisees. The increased use of appraisals, as a result of the training program, included an increased use of forms, and an increased percentage of people who actually get an interview with their supervisors.

## CORRELATIONS

Pearson product moment correlations were obtained for all closed-ended questionnaire items to investigate possible significant relationships between them. The BMDP/BMDP8D statistical program, controlled by the University of Kansas Honeywell 6000 (series 60 level 66) computer, was used to compute all correlations. The only items obtaining a large number of significant correlations were found with the performance criteria that are appraised in appraisal systems.

A key to the abbreviations of the factors appraised is provided in Figure 1. The statistical correlations of the performance criteria are presented in Table 30.

FIGURE 1

### KEY TO THE ABBREVIATIONS OF THE PERFORMANCE CRITERIA APPRAISED

<u>Abbreviation</u>	<u>Factor</u>
FAC 1	Quality of Work
FAC 2	Quantity of Work
FAC 3	Goal Setting
FAC 4	Interpersonal Communication Skills
FAC 5	Potential for Development
FAC 6	Personality Characteristics
FAC 7	Teamwork
FAC 8	Innovation
FAC 9	Motivation
FAC 10	Job Knowledge
FAC 11	Judgment
FAC 12	Organization and Planning
FAC 13	Leadership Ability

---

TABLE 30

## CORRELATIONS OF PERFORMANCE CRITERIA APPRAISED IN APPRAISAL SYSTEMS

	FAC 1	FAC 2	FAC 3	FAC 4	FAC 5	FAC 6	FAC 7	FAC 8	FAC 9	FAC 10	FAC 11	FAC 12	FAC 13
FAC 1	1.000												
FAC 2	.6809*	1.000											
FAC 3	-.1036	.0473	1.000										
FAC 4	.2103	.3089*	.2333	1.000									
FAC 5	.1487	.2185	.0452	.3200*	1.000								
FAC 6	.1504	.2209	.0136	.1829	.2907	1.000							
FAC 7	.2743	.4028*	.3565*	.3636*	.2198	.0702	1.000						
FAC 8	.2477	.3638*	.1986	.4972*	.2598	.3673*	.5629*	1.000					
FAC 9	.2233	.3280*	.3875*	.4245*	.2342	.2681	.4691*	.6245*	1.000				
FAC 10	.2905*	.4266*	.0729	.4757*	.1838	.2506	.3154*	.4838*	.2723	1.000			
FAC 11	.0322	.1470	.2436	.3745*	.1819	.2543	.4248*	.5412*	.5960*	.3801*	1.000		
FAC 12	.2103	.2065	-.0491	.5651*	.3200*	.1005	.5038*	.5676*	.3531*	.3180*	.3745*	1.000	
FAC 13	.0609	.2925*	.2005	.3898*	.2843*	.2825*	.3264*	.5249*	.4497*	.4505*	.5505*	.3898*	1.000

\*indicates  $p < .05$

Table 30 displays the correlations among the factors that are appraised in a formal performance appraisal. The factors yielding the highest and largest number of correlations with each other are: 1) leadership ability; 2) interpersonal communication; 3) teamwork; 4) innovation; 5) motivation; 6) job knowledge; 7) judgment; and 8) organization and planning. These significant correlations suggest that these eight factors are contingent upon one another when used as performance criteria to be evaluated.

Although the significant correlations are of noteworthy importance, the correlations that did not attain significance are also of prime concern. The three important factors that do not significantly correlate to a number of other factors are: 1) quality of work; 2) goal setting; and 3) potential for development.

The quality of work does not correlate to any of the other twelve factors except the quantity of work, and job knowledge. These results reveal that the quality of an individual's work is appraised independently of other appraisal factors. The appraisal factors, teamwork and motivation, were the only two factors that significantly correlated with goal setting. It is interesting to note, that organization and planning and potential for development are not among the factors related to the evaluation of goal setting. It would seem likely that these two factors are essential to the nature and function of goal setting procedures, skills, and the goals that are set. Potential for development only correlates to the following factors: 1) interpersonal communication skills; 2) organization and planning; and 3) leadership ability. Although these three factors are important in evaluating an



individual's potential for development, innovation and goal setting are also factors integrally related to the development of talents and skills.

Apart from the significant correlations attained with the factors that are appraised, the only other significant correlation found in the results was inflated ratings to the percentage of time an appraisee talks during the feedback interview. The  $r$  value for this correlation was  $-.9487$ . The correlation shows that the performance ratings become less inflated when there is more appraisee participation in the feedback interview. This result supports the notion that an exchange of work expectations and performance and work goals between appraiser and appraisee can generate a better understanding for each other's position and situation.

Chapter IV presented a summary of the results obtained from the sixty-four companies responding to the questionnaire, and pointed to the significant findings of certain issues. Chapter V presents general conclusions and recommendations drawn from the survey results.

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study was to explore the current usage of the appraisal system in selected American businesses and industries. In pursuing this objective, a questionnaire was sent to 233 industrial and retailing corporations.

Results revealed a variety of appraisal purposes and use of methods and procedures in the system's design, implementation, and incorporation in the organization. The major purposes for appraisal systems are to improve current performance, assess past performance, and set performance objectives. MBO is used as a single appraisal method or in combination with other methods in 71% of the organizations. The feedback interview is a part of the appraisal process in 88.7% of the organization. All but twelve corporations provide training programs for their appraisers.

From the survey results, general conclusions may be offered about 1) the current usage of the appraisal system, and 2) the current training programs provided for appraisers.

#### CURRENT USAGE OF THE APPRAISAL SYSTEM

1. The appraisal system is viewed by organizations as a communication tool to be utilized by superiors and subordinates to discuss performance with minimal emphasis on the aspects of development in the appraisee's personal work objectives and goals.

The questionnaire focused on the ways in which the appraisal system interfaced with the Staffing, Rewarding, and Developing subsystems. These subsystems were discussed from the systems theory perspective in the review of the literature. The purposes of the appraisal system and the utilization and distribution of the appraisal results were investigated to determine if these three subsystems obtained information produced from the performance appraisals. The purposes of the appraisal system, when ranked in order of importance, showed that the two primary purposes of the appraisal system are to improve current performance and assess past performance. These rankings support the general conclusion that the appraisal system is being utilized as a communication tool for superiors and subordinates. Furthermore, the results indicate that judgmental purposes take precedence over developmental purposes. The purposes of assessing developmental and training needs, and assisting in career planning received the two lowest rankings. Additionally, only twenty-seven of sixty-two responding companies include career development as a purpose of their appraisal systems. There appears to be unequal recognition of the three subsystems in which the Rewarding and Staffing subsystems receive more attention than does the Developing subsystem.

The distribution and utilization of the appraisal results are two procedures taken to fulfill the system's intended purposes. Twenty companies indicated that the appraisal results are merely filed with various personnel. Seven companies only require that the appraisal results be discussed between the appraiser and appraisee.

The results suggest that these twenty-seven companies do not utilize their appraisal systems as a means for providing information to assist in assessing salary increases, promotions, or developmental and training needs. Therefore, it appears that these appraisal systems do not interface with the three subsystems.

Only fifteen of the forty-five companies contending that one of the purposes of the appraisal systems is to assess training and developmental needs utilize the appraisal results for this purpose. Once again, the Developing subsystem appears to be lacking recognition in the design and implementation of the appraisal system. Therefore, the results demonstrate that the appraisal system does not extend to areas of the human resource system that can benefit from the information it produces.

2. Appraisee participation is recognized as important in the appraisal process. The amount of appraisee participation is determined through the use of self-appraisals, participation in goal setting procedures, and the amount of appraisee feedback allotted during the feedback interview. Seventy-three percent of the responding companies allow appraisees to evaluate their own performance. Several companies have indicated that the self-appraisal is discussed at the feedback interview. Therefore, the self-appraisal adds structure to the feedback interview along with adding another dimension of appraisee participation in the appraisal process.

The same conclusion applies to goal setting procedures. Results indicate that 87% of the companies require that performance goals be

discussed and set by both the appraiser and appraisee. Respondents reported that this activity takes place during the feedback interview. Sixty-one percent of the forty-four companies able to provide an adequate estimate of the percentage of the time an appraisee talks during the feedback interview indicated 50% to 70%.

Determination of the final rating of the appraisee's performance is the only procedure that lacks adequate appraisee participation. Only nine respondents reported a negotiation of the final rating.

3. The appraisal of performance is completed through a variety of combined appraisal methods. The results reveal that thirty-nine companies utilize various appraisal methods, thirty-two of which combine one to three appraisal methods with MBO. The most frequently combined appraisal methods are the essay, graphic rating scale, critical incident, and checklist. It may be remembered in Chapter II that a more thorough appraisal of performance is accomplished when both performance behaviors and results of performance are evaluated. Appraisers are then focusing on the behaviors producing the outcome and the outcome itself. The appraisal methods listed above are designed to appraise performance behaviors. MBO is designed to appraise performance results. It may be concluded that 50% of the companies combining these four appraisal methods with MBO evaluate both aspects of performance, provided those four methods focus on evaluating behaviors.

4. There is a discrepancy in the number of companies using MBO as an appraisal method and the number of companies fulfilling its intended purpose. Forty-five companies use MBO as a single

appraisal method or in combination with other appraisal methods. Only thirty-two companies reported that setting performance objectives, which is the primary focus of MBO, is a purpose of their appraisal systems. The discrepancy in the number of companies using MBO as an appraisal method without recognizing its main focus raises two important issues. First, it is questionable whether these organizations understand the philosophy and objectives of MBO, and second, the role it plays in the appraisal of performance.

5. Evaluation of the overall effectiveness of appraisal systems is not widespread among the organizations. Fifty-five percent of fifty-eight responding companies indicated that their appraisal systems have not been evaluated. From these results, it appears that the problems encountered with the appraisal system are not being recognized. Further, it is questionable whether these appraisal systems have been updated and modified since the time of their incorporation into the organization.

6. Three major problems still exist with appraisal systems. The appraisers' lack of proper preparation for conducting formal appraisals and inflated ratings were discussed in the review of the literature as being serious problems affecting the functioning of the appraisal system. The results of this study reveal that 60% of sixty-two responding companies indicated that appraisers are ill-prepared for appraisal reviews, while 54% reported the existence of inflated ratings of performance. These figures reinforce the proclaimed prevalence of these two problems encountered with appraisal systems. Although the problem of appraisers viewing the performance

appraisal as an obligation was not cited in the literature, it was ranked the second major problem encountered in appraisal systems with 58% of the companies reporting its existence. The questionnaire did not request respondents to assess the causes of these problems, one possible cause for the lack of preparation and inflated ratings might be the appraisers' attitude of obligation to appraise performance. Time pressures, cited as a problem in 51% of the companies may be a contributing factor to the lack of preparation and the attitude of obligation to appraise performance.

#### CURRENT TRAINING PROVIDED FOR APPRAISERS

1. Training programs are addressing the majority of problems and weaknesses found in appraisal systems. Goal setting, interviewing techniques, and interpersonal communication skills are covered in thirty-four to thirty-nine training programs. These results indicate that the reported problems of the appraisers' inability to establish two-way communication and set performance goals are being addressed in the training programs. Forty training programs provide appraisers with an explanation of the procedures to be taken in appraisal review which appears to be addressing the problem of lack of preparation for the appraisal. Thirty-one of forty-nine training programs offer instruction on measuring performance, as the appraisers' inability to measure performance against established objectives is cited as a problem area for some appraisal systems.

Although the problems are being addressed in training, it is questionable whether they are being corrected through the training programs. Six respondents indicated an improvement in appraisers'

rating skills. Only three respondents indicated an improved quality in conducting feedback interviews.

2. In general, training for appraisers is minimal. Although training programs for appraisers have been implemented in fifty-two of the sixty-four responding companies, results show that thirty-four training programs extend from 2 to 4 hours and/or one day. If training for appraisers has been perceived by 75% of the companies to be important to the proper implementation of the appraisal system, then one would question why only a minimal amount of time is spent for this program. Lopez's statement once again is relevant: "Even the more progressive organizations allow little more than six training hours for this task; the most spend only two, which upon reflection, is as sensible as asking a student to learn to play a good game of chess in the same time." The results obtained on the duration of training programs support his contention. Further, when considering the number of subject areas covered in those short time periods, the quality of the programs is questioned. Eight of the fifteen 2 to 4 hour training programs, and eleven of the nineteen one-day programs cover seven to twelve subject areas. In the majority of these programs, the subject areas include attitudes in interpersonal communication, motivation, and impression formation. These three areas include vast amounts of information that cannot possibly be presented and discussed in such a brief period of time. Moreover, it is difficult to ensure adequate understanding of the role these variables play in conducting and receiving performance appraisals. The results suggest that the designers of these



training programs have not been selective in choosing the subject areas that will meet the needs of appraisers. It is possible that the appraisers require information in all eleven subject areas listed in the survey questionnaire; however, the time allotted for the program has not been taken into consideration. Either the number of subject areas must be reduced or the duration of the training programs be extended.

3. The coaching role of the appraiser is not emphasized in the training programs for appraisers. Chapter II discussed the role the appraiser plays in coaching appraisees. Successful coaching of appraisees is dependent upon the motivation skills of the appraiser. The results obtained from the subject areas that are covered in the training programs for appraisers indicate that only seventeen training programs include motivation as a subject area. Motivation is included in seven, 2 to 4 hour training programs covering seven to twelve subject areas, four one-day programs covering eight to twelve areas, and one 4 to 5 day program not including motivation.

The study of motivation in the appraisal process contains a number of issues that are important to the appraisal process. The nature and role of motivation principles and skills must be understood by appraisers in order for them to carry out their role as coaches in appraising performance. However, these issues cannot be adequately discussed in a 2 to 4 hour or one-day training program, especially when including six or more subject areas. On the other hand, in a training program that is allotted ample time to present and discuss a number of appraisal topics the subject of

motivation is neglected.

#### RECOMMENDATIONS

The results obtained from this study offer ideas for further research in three general areas.

1. Survey and/or field studies need to be conducted to explore the specific ways in which the information obtained from performance appraisals has changed management, the working climate between managers and subordinates, the quality and quantity of communication taking place between superiors and subordinates, and organizational policies. These studies could provide information and insight into the appraisal system's impact on the management of the human resource system, particularly in the Changing subsystem found in Slusher's systems model of the appraisal system.

2. A measuring instrument can be developed to assess the areas of weaknesses in the appraiser's skills in conducting formal appraisals and understanding of the appraisal process. This instrument would be of value to organizations developing or revising their training programs for appraisers. The information needed to develop the instrument could be obtained from questionnaires and/or interviews that investigate the present forms of analysis utilized in assessing appraisers' skills and understanding of the appraisal process.

3. Field studies could be developed to discover if differences in the effectiveness of appraising emerge when appraisers are exposed to information concerning the psychological variables present

in conducting and receiving performance appraisals in training programs. Specifically, the subject areas dealing with these variables are impression formation, attitudes in interpersonal communication, and motivation. If these studies reveal differences, additional studies can be developed to investigate the reasons for the inclusion or exclusion of these subject areas in training programs.

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APPENDIX A  
THE QUESTIONNAIRE





2. Check the main purpose(s) for conducting formal appraisals in your company. If you check more than one, rank the purposes in order of their importance; 1 being the most important; 2 being the next important, and so on.

\_\_\_ assess training and development needs

\_\_\_ help improve current performance

\_\_\_ set performance objectives

\_\_\_ assess increases or new levels of salary

\_\_\_ assess potential/promotability

\_\_\_ assess past performance

\_\_\_ assist in career planning decisions

\_\_\_ other \_\_\_\_\_

3. How well does your current appraisal program fulfill its intended purpose(s)? (check one blank)

Unsatisfactory \_\_\_\_\_ Satisfactory

4. What are the major strengths of your appraisal program? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

5. What are its major weaknesses or problems? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

6. Has the overall effectiveness of your appraisal program been evaluated officially? \_\_\_yes \_\_\_no

How? (if yes) Why not (if no) \_\_\_\_\_

\_\_\_\_\_

### III. PERFORMANCE APPRAISAL PROCEDURES AND FORMAT

1. The following classes of personnel are formally appraised by this system. Check the appropriate blank(s).

\_\_\_ top management

\_\_\_ lower levels of management

\_\_\_ middle management

2. Is the same appraisal review used for each level of management?

\_\_\_yes \_\_\_no

3. Does your company allow for the following:

- a) self-review of performance by the subordinate? \_\_\_\_yes \_\_\_\_no  
 b) appraisee evaluation of his/her superior? \_\_\_\_yes \_\_\_\_no

4. Who sets the performance goals for the appraisee?

\_\_\_\_appraisee's supervisor \_\_\_\_appraisee \_\_\_\_joint effort

5. Check the following factors that are evaluated.

____quality of work	____teamwork
____quantity of work	____innovation
____goal setting	____motivation
____interpersonal communication skills	____job knowledge
____potential for development	____judgment
____personality characteristics	____organization & planning
	____leadership ability

6. What procedure is used if subordinates wish to challenge appraisals that their supervisors have given? \_\_\_\_\_

7. What procedure is used to determine the final rating or ranking of the employee? (Example: average score of all ratings by supervisors; negotiated rating by supervisor and subordinate.) \_\_\_\_\_

8. How extensively is the information obtained by the appraiser utilized for career development purposes?

Extensively\_\_\_\_ Not at all

9. What is done with the results of the appraisal? \_\_\_\_\_

10. Indicate the specific problems that are encountered with your appraisal program.

____appraiser ill-prepared for conducting performance reviews	____inflated ratings
____appraisee unaware of job criteria to be evaluated	____appraiser bias
____appraisers view the performance review as an obligation	____time pressures
	____excessive amount of paperwork

## IV. FEEDBACK INTERVIEW

1. Does the appraisal review include a feedback interview?  
☐yes    ☐no
2. Rank these areas according to their coverage; 1 being the area given the most emphasis, and so on.  
☐past performance                      ☐future goals  
☐job description                      ☐other \_\_\_\_\_
3. Which approach does your appraisal interview follow?  
☐directive approach (appraiser has planned topics for the interview)  
☐non-directive approach (an informal interview. No specific topics to be discussed.)  
☐other \_\_\_\_\_
4. What percentage of the interview does the appraisee talk?  
☐20%                      ☐40%                      ☐60%  
☐30%                      ☐50%                      ☐70%

## V. TRAINING IN CONDUCTING APPRAISAL REVIEWS

Check the method of communication used for informing appraisers of the purposes and goals of your company's appraisal program, and the procedures to follow when formally appraising performance.

- |  |   |
|--|---|
| <input type="checkbox"/> no training                               | <input type="checkbox"/> individual training    |
| <input type="checkbox"/> manual                                    | <input type="checkbox"/> group training/seminar |
| <input type="checkbox"/> written instructions<br>in appraisal form | <input type="checkbox"/> other _____            |
- A. If your company DOES NOT offer a training program for appraisers, please indicate the primary reasons.
- |   |   |
|---|---|
| <input type="checkbox"/> financially non-feasible                   | <input type="checkbox"/> appraisal techniques used<br>in the program require<br>little training |
| <input type="checkbox"/> low priority in company                    | <input type="checkbox"/> no person has initiated<br>training in this area                       |
| <input type="checkbox"/> subsumed under other training              | <input type="checkbox"/> other _____  |
| <input type="checkbox"/> no instructor available                    |   |
| <input type="checkbox"/> appraisers' performance<br>is satisfactory | _____   |

1. The need for a training program for appraisers in my company is:

Not important \_\_\_\_\_ Important

a) WHY? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- B. If a training program IS presently being offered in your company, please complete the following:

1. Is the attendance for the training program voluntary or compulsory for appraisers? \_\_\_\_\_voluntary \_\_\_\_\_compulsory

2. If attendance is voluntary for your company's training program, estimate the approximate percentage of appraisers that attend.  
 \_\_\_\_\_%

3. What is the duration of the training program?

\_\_\_\_\_2-4 hours \_\_\_\_\_one day \_\_\_\_\_2-3 days \_\_\_\_\_4-5days \_\_\_\_\_other\_\_\_\_\_

4. What are the subject areas included in the training program?

\_\_\_\_\_interviewing techniques

\_\_\_\_\_interpersonal communication skills

\_\_\_\_\_how to ask questions

\_\_\_\_\_attitudes in interpersonal communication

\_\_\_\_\_how to measure or assess particular performance information

\_\_\_\_\_methods and terminology of the company's appraisal program

\_\_\_\_\_making physical arrangements for an interview

\_\_\_\_\_philosophy and objectives of the company's appraisal program

\_\_\_\_\_motivation

\_\_\_\_\_impression formation

\_\_\_\_\_other\_\_\_\_\_

\_\_\_\_\_goal setting

5. What specific problems, if any, have been encountered with this training program? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

6. In what specific ways has this training program affected the overall appraisal program? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

APPENDIX B  
THE COVER LETTER



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131  
THE UNIVERSITY OF KANSAS · LAWRENCE, KANSAS · 66045

THE COMMUNICATION RESEARCH CENTER

October 14, 1978

"Among blind men, a one-eyed man is king."

Classical Quote

Dear

Management performance appraisal systems, although unique in every company, all share the same purposes, goals, and many times, the same problems. Why is it that the appraisal system which is viewed as an essential tool for assessing and guiding managerial performance, is facing opposition from appraisers and appraisees? Why is it that performance often times remains at the same level?

We are conducting a survey study to investigate the scope of the appraisal system, its strengths and weaknesses, purposes and function, all of which help to determine its overall effectiveness. We need your help. The insights you have into your company's appraisal system will be most beneficial when possible solutions are analyzed and considered for implementation.

The results of this study will be invaluable, as business and industrial organizations may utilize this pertinent data when designing or revising their appraisal systems. A summary of the survey results will be mailed to each organization participating in this study. All individual responses will be kept confidential.

We would appreciate your cooperation in completing the questionnaire. It will take only twenty minutes to fill out. Please return the questionnaire in the self-addressed stamped envelope within ten days. If convenient, we ask that you send a copy of your company's appraisal form.

Thank you for your time and efforts.

Sincerely yours,

*Paula Moscinski*  
Paula Moscinski

*Cal W. Downs*  
Dr. Cal W. Downs  
Research Advisor

APPENDIX C  
ORGANIZATIONS THAT RESPONDED TO THE SURVEY

## ORGANIZATIONS THAT RESPONDED TO THE SURVEY

Kaiser Aluminum and Chemical Co.	St. Regis Paper Co.
Xerox Corp.	Dana Corp.
Ford Motor Co.	Kimberly Clark Corp.
Texaco Inc.	Mobil Oil Co.
Nabisco Inc.	Continental Oil Co.
General Electric Co.	Merck and Co.
Atlantic Richfield Co.	Hercules Inc.
Phillips Petroleum Co.	Northrop Aircraft
Caterpillar Tractor Co.	Dart Industries
Bethlehem Steel Corp.	Control Data Corp.
Monsanto Co.	Martin Marietta Aerospace
International Paper Co.	Land O Lakes, Inc.
The Continental Group	Rohm and Hass Co.
John Deere and Co.	Emhart Corp.
National Steel Corp.	Oscar Mayer and Co.
Farmland Industries	Upjohn Co.
Republic Steel Corp.	Crane Plastics
General Dynamics	A. E. Staley Co.
American Cynamid Co.	GAF Corp.
Boise Cascade Corp.	Sherwin-Williams Co.
Singer Education Systems	Allegheny Ludlum Steel Corp.
Eaton Corp.	National Can Corp.
General Tire and Rubber Co.	Phelps Dodge
Warner Gear	Trans World Airlines



United Airlines

Eastern Airlines

Pan Am World Airways Inc.

Beatrice Foods Co.

General Motors Corp.

Southland Corp.

Sears Roebuck and Co.

Food Fair Stores Inc.

R. H. Macy and Co.

Walgreen Co.

Woolworth Co.

Great Atlantic and Pacific Tea Co.